

30 March 2010

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

(sent via www.cesr.eu)

Dear Sirs

IG Group Response to CESR Consultation Paper - (CESR/09/1215b)

The IG Group is grateful for the opportunity to respond to CESR's consultation paper, ***CESR proposal to extend major shareholding notifications to instruments of similar economic effect to holding shares and entitlement to acquire shares.***

1. IG Group ("IG")

The IG Group is a specialist financial services group offering OTC, leveraged derivatives to the retail market. We have offices in the UK, Australia, Singapore, Japan, Germany, France, Spain, the USA, Italy, Luxembourg, and soon Portugal. The parent of the IG Group, IG Group Holdings plc, is listed on the London Stock Exchange, having a current market cap of £1.5billion.

2. General response to the Consultation Paper

IG recognises the important role that major shareholding notifications plays in the monitoring and control of market abuse. We therefore strongly support CESR's efforts to extend major holdings notifications to include all instruments that give a similar economic effect to holding shares. We also welcome CESR efforts to coordinate national rules in this area as we believe it is important to achieve a more uniform approach throughout the European Union.

We are pleased that the scope of the proposed major holdings notifications regime is limited to instruments referenced to shares to which voting rights are attached (where such shares are already issued and admitted to trading on a regulated market) as we believe this is the area in which major holdings notifications can provide the most value.

We are also pleased that CESR acknowledges that instruments that create similar economic effect to holding shares are an important source of liquidity to the market, and further that most clients seek such products to gain economic exposure, without wishing to gain access to voting rights.

IG is subject to the FSA disclosure and transparency regime and it is our view that the current FSA regime works very well; since 1st June 2009, holdings of financial instruments that have similar

economic effects to (but which are not) qualifying financial instruments (as per article 13 of the Transparency Directive) must be notified with the same thresholds and in the same public manner as qualifying financial instruments.

Under the FSA regime, client-serving intermediaries benefit from an exemption when acting in a client-serving capacity. For the purpose of this exemption, acting in a client-serving capacity means fulfilling orders received from clients otherwise than on a proprietary basis; responding to a client requests to trade otherwise than on a proprietary basis; and hedging positions arising from the previous. IG currently benefits from this exemption.

Regarding costs of implementation, because IG benefits from the client serving intermediaries exemption, any change to the FSA's regime may have significant cost implications for us. We therefore ask CESR to consider these implementation costs when making final guidance on major holdings notifications.

3. Responses to specific questions

Further to our general comments above, we submit the following responses in answer to the specific questions from the consultation paper:

Q1: Do you agree with CESR's analysis of the issues raised by the use of instruments of similar economic effect to shares and entitlements to acquire shares?

Yes.

Q2: Do you agree that the scope of the Transparency Directive needs to be broadened to address these issues?

Yes.

Q3: Do you agree that disclosure should be based on a broad definition of instruments of similar economic effect to holding shares and entitlements to acquire shares without giving direct access to voting rights?

Yes.

Q4: With regard to the legal definition of the scope (paragraphs 50-52 above), what kind of issues you anticipate arising from either of the two options? Please give examples on transactions or agreements that should in your view be excluded from the first option and/or on instruments that in your view are not adequately caught by the MiFID definition of financial instrument.

We believe that the second option of limiting the legal definition to the definition of financial instruments in MiFID would ensure the necessary legal certainty in terms of major holdings notifications.

Q7: Should there be a general disclosure of these instruments when referenced to shares, or should disclosure be limited to instruments that contractually do not preclude the possibility of giving access to voting rights (the 'safe harbour' approach)?

There should be a general disclosure of these instruments when referenced to shares.

Q8: Do you consider there is a need to apply existing TD exemptions to instruments of similar economic effect to holding shares and entitlements to acquire shares?

Yes, we strongly agree that existing TD exemptions are required. We believe the existing FSA client-serving intermediaries exemption works very well and would strongly support this exemption regime being applied across Europe.

Q9: Do you consider there is need for additional exemptions, such as those mentioned above or others?

Yes, we believe there should be an exemption for intra-group movements, as discussed in paragraph 67 of the consultation paper.

Q10: Which kinds of costs and benefits do you associate with CESR's proposed approach?

We believe that the CESR proposed approach is in line with the current FSA regime. Therefore, if CESR's approach is adopted as currently proposed (with the TD exemption for client-serving transactions) we believe there would be no change for us in terms of costs or benefits. Importantly, however, if the TD exemption for client-serving transactions is not adopted we anticipate significant costs in implementing the new reporting regime. We do not believe that these costs are warranted because the alternative, safe harbour approach has weaknesses (as discussed in paragraphs 68-74 of the consultation paper).

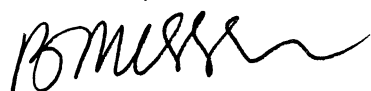
Q11: How high do you expect these costs and benefits to be?

N/A

Q12: If you have proposed any exemptions or have presented other options, kindly also provide an estimate of the associated costs and benefits.

We manage the Group's risk on a net basis and therefore we make various intra-group movements for accounting purposes. None of the original transactions to which these intra-group movements relate are reported because all benefit from client-serving intermediaries exemption. We would like to see these intra-group movements exempted from the new EU reporting regime, as they currently are under the FSA regime. It would require significant effort and costs to implement a system under which these intra-group movements are reportable.

Yours faithfully



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IG Group Holdings Plc