

February 21 2005

**CESR's Draft Technical Advice on Possible Implementing Measures of the Directive 2004/39/EC on Markets in Financial Instruments / Professional Client Agreements (article 19(7))
Call for Opinions / December 2004**

With regard to this consultation, we are respectfully submitting some observations on this CESR's Call for Opinion.

Regarding the options under consideration by CESR, we are of opinion that the choice of implementing any "professional client agreement" would preferably be a matter of commercial practice. We would be more favourable to the CESR's approach not to provide any advice on possible implementing measures for article 19(7) except for retail client agreement, on the ground of the reduced need of investor protection for professional clients.

The level 1 text, which provides for a general obligation for the investment firm to "establish a record that includes the document or documents agreed between the firm and the client that set out rights and obligations of the parties, and the other terms on which the firm will provide services to the client. (...)", seems to be sufficient for the protection of professional investors, without further need of an express "professional client agreement", which can lead to additional administrative burden, where not absolutely necessary to the aimed investors protection.

Please find hereafter some brief answers to the questions of the consultation paper (CESR/04-689):

Q.1: Should a written client agreement be necessary for professional clients of an investment firm?

As aforesaid, and in consideration of the lower need of protection for this category of clients (and their understanding and knowledge of the markets products), we are of opinion that an express written agreement between the parties would not be necessary in all cases. Such a written agreement could lead to additional administrative burden (sending the agreement, having it signed by both parties, keeping of the records, for example), lengthen the delays before entering into a transaction (where the duly executed agreement is not returned as soon as possible, for example) whereas there is no real need of such a protection for Professional clients. The constitution by the investment firm of a file for the Professional client, and the implementation of specific agreements, for the transactions both parties enter into, seems to be sufficient.

Q2. If so, should the agreement be limited to certain investment services (portfolio management and investment advice) or should it be requested for other investment and ancillary services?

We are of opinion that including investment advice would lead to fulfill the obligation of implementing an agreement in most cases. Regarding asset management activities, Credit Agricole Asset Management is of the view that no regulatory change is required since an asset management contract already has to be signed with all professional clients.

Q.3: If such a requirement is introduced, do you think that this would create additional costs? Please provide details of the nature and likely amount of these costs.

Yes, at least for the drafting of an agreement and its implementation (negotiation, signature and administrative burden, database, keeping of records...).

Sincerely yours.

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