

Mr Fabrice Demarigny
CESR
Secretary General

via Email

January 21, 2005

Comments on “Consultation on Market Abuse Level 3 - preliminary CESR guidance and information on the common operation of the directive” – Document 04-505

Response by AIAF The Italian Association of Financial Analysts Societies

Dear Mr Demarigny,

We thank you very much for giving us the opportunity to add our comments in this consultation process.

The Italian Association of Financial Analysts Societies, AIAF, is the leading association in the financial analysis profession in Italy. It comprises over 1000 members, operating in the areas of Equity and Fixed Income Research, Asset and Portfolio Management, Investment Advice.

Dissemination of false and misleading information – 4.14

We would like to make comments only on a specific item in the Consultation Paper, which we consider relevant for our membership. We focus on a specific type of market manipulation, i.e. the dissemination of false and misleading information without necessarily undertaking any accompanying transaction. In particular, we realise risks related to spreading false/misleading information through the media (including behaviours such as posting information on an internet board).

This issue has been specifically addressed by our recently updated Code of Conduct, an abstract of which we would like to bring to your attention (art. 18)

“ In his dealings with the media, the AIAF member must adopt language and conduct that are both cautious and moderate, in order to avoid any unjustified or inappropriate concern, interest, enthusiasm or wrongful interpretation of public opinion about events and opinions arising as a result of his professional duties and skills. The publication of extracts providing the AIAF member's opinions or judgements must be carefully examined beforehand, within the context of the information concerned, in order to prevent it from being distorted or utilised unlawfully. The opinions expressed about



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financial instruments and products or the market in general must be adequately reported, with details provided as to the purpose for which they are being provided and who they bind. “

We certainly pay great attention to possible distortion of financial information with misleading effect on the market: as far as dissemination of financial information through the Internet channel, we diffused a so-called “Decalogo AIAF” back in 2000, which still remains one of the most diffused self-regulating codes among financial web sites in Italy (the code is available on our web site www.aiaf.it).

In summary, we see great effectiveness in this area from combining regulatory measures and self-regulating initiatives from professional associations.

Yours sincerely
Giampaolo Trasi

Chairman AIAF