

24 August 2007

**SIFMA RESPONSE TO CESR/CEBS/CEIOPS CONSULTATION ON IMPACT ASSESSMENT
GUIDELINES FOR EU LEVEL 3 COMMITTEES**

The Securities Industry and Financial Markets Association (SIFMA)¹ is pleased to respond to the joint CESR, CEBS and CEIOPS consultation on 'Impact Assessment Guidelines for EU Level 3 Committees'.

We have reviewed and support the consultation response submitted by the European Forum of Securities Associations (EFSA). In particular, we agree that the proposed Guidelines will help to deliver the Better Regulation agenda by ensuring that regulation is only introduced where supported by a clear market failure and cost benefit analysis. We also agree with EFSA's comments on the governance of the impact assessment process and the conduct of market failure analysis but would in these areas like to make two additional observations.

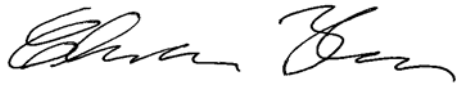
On governance, we agree with EFSA as to the use of impact assessment expertise and senior decision-making bodies independent of the originators and developers of a policy initiative. However, we recognise that this approach may not always be possible in which case we would support the approach to impact assessment taken by a number of regulators where in-house impact assessment experts assist in the development of policy proposals that are then submitted to a decision-making body comprising senior management.

In the context of market failure analysis, the EFSA response refers to and incorporates a draft Guide on market failure analysis. We consider the Guide a very useful aid to the application of market failure analysis and would like to acknowledge that a number of regulators have taken significant steps towards accepting and adopting the approach to market and regulatory failure analysis set out in the Guide.

¹ SIFMA (the result of a merger between the Bond Market Association and the Securities Industry Association) brings together the shared interests of more than 650 securities firms, banks and asset managers. Its mission is to promote policies and practices that work to expand and perfect markets, foster the development of new products and services and create efficiencies for member firms, while preserving and enhancing the public confidence in the markets. SIFMA represent its members locally and globally. It has offices in London, New York, Washington DC, and its sister Association, the Asia Securities Industry and Financial Markets Association (ASIFMA), is based in Hong Kong.

We would be pleased to discuss these comments with you if you think that might be helpful

Sincerely,

A handwritten signature in black ink, appearing to read 'Christian Krohn', with a stylized, cursive script.

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