

AssoFinance

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

Thanks to our long experience in "day to day" assistance about financial problems of our customer (private but also institutional and public institutions) and after the "unbundling" of thousands financial instruments non equity, 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.

Concerning the classification as "complex" or "non complex" bonds we agree that all the instruments that explicitly or (as almost always happens) **implicitly** embed a derivative (often credit derivative) should be treated as "complex".

We are worried that in CESR specifications (in specific Section 2) when we read "*sice all are forms of securitised debt*" could be understood in the sense that subordinated bonds are not included as "complex".

In our opinion this should be a mistake for many reasons.

The most important is that also subordinated bonds have the same credit derivative component of senior bonds.

We are really convinced that MIFID don't distinguish between securitised/senior debt or not. Therefore **also** subordinated bonds must be included.

The difficulty that every investor has in the understanding of any debt financial instruments (mostly due to derivative component) such as to calculate the "fair price", the potential return till to estimate any misprice is, actually, "at least" the same for both kind of bonds. Indeed, in many cases, subordinated bonds are riskier and need more professional skills to be correctly understood by investors.

Thanks you if you want to consider our simple but we believe important comments.

AssoFinance – Associazione Italiana dei Consulenti Finanziari Indipendenti
Via Giovanni Battista Pirelli, 26 – 20124 Milano
Numero Verde: 800.910.615 – Fax: 02.66.97.897
Web: www.assofinance.eu – Mail: info@assofinance.eu

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Kind Regards

Giannina Puddu
Presidente Assofinance

Nicola Benini
Vice Presidente Assofinance

Pierluigi Fadel
Legal Assofinance advisor