



Date: 13 April 2007

Ref: CESR/07-247

**PRESS RELEASE**

**CESR re-consults on the draft recommendations for inducements under MiFID**

In its consultation paper *Inducements under MiFID* published in December 2006 (CESR/06-687), CESR explained that it was considering issuing recommendations to its Members with the aim of fostering supervisory convergence and consistent implementation of Article 26 of the MiFID Level 2 Directive. CESR is in the process of finalising these recommendations.

Article 26 of the MiFID Level 2 Directive, entitled “Inducements”, sets out requirements in relation to the receipt or payment by an investment firm of a fee, commission or non-monetary benefit that could place the firm in a situation where it would not be acting in compliance with the principle in MiFID Article 19(1) that the firm act honestly, fairly and professionally in accordance with the best interest of its clients.

CESR has considered the views of market participants, following the publication of the December 2006 consultation paper and has taken these responses into account in developing the draft recommendations. In order to achieve an open and transparent process CESR has decided to publicly re-consult on an amended draft of its recommendations.

Today’s announcement therefore launches a second consultation on the draft recommendations on inducements under MiFID. This consultation provides the opportunity for all stakeholders to provide input in the development of recommendations in this important area of the new regulatory framework.

The consultation paper contains six draft recommendations which have been developed from the material published in the December 2006 consultation paper in light of the responses received from the industry and consumer representatives. The consultation paper also contains a number of additional examples from the *Inducements under MiFID* consultation paper, which illustrate some of the variety of situations in which Article 26 of the Level 2 Directive is relevant. Respondents should therefore focus on the new aspects of the draft recommendations, rather than repeat the arguments made in response to the December 2006 consultation.

Responses are welcomed by **27 April 2007** and can be submitted on the CESR website [www.cesr.eu](http://www.cesr.eu). CESR will be hosting a public hearing in its premises on **24 April 2007**. CESR plans to publish the final recommendations by the end of May 2007.



#### Notes for Editors:

1. CESR is an independent Committee of European Securities Regulators. The role of the Committee is to:
  - Improve co-ordination among securities regulators;
  - Act as an advisory group to assist the EU Commission, in particular in its preparation of draft implementing measures in the field of securities;
  - Work to ensure more consistent and timely day-to-day implementation of community legislation in the Member States;
  - The Committee was established under the terms of the European Commission's decision of 6 June 2001 (2001/1501/EC).

It is one of the two committees envisaged in the Final Report of the group of Wise Men on the regulation of European securities markets, chaired by Baron Alexandre Lamfalussy. The report itself was endorsed by the European Council and the European Parliament. The relevant documents are available on CESR's website.

2. CESR has established a 'MiFID Level 3 Expert Group' that will undertake work to deliver supervisory convergence in the day-to-day application of the legislation (i.e. Level 3). This group is chaired by Manuel Conthe, Chair of the Spanish Comisión Nacional del Mercado de Valores (CNMV). The secretariats' rapporteur of this group is Carlo Comporti, Deputy to the Secretary General at CESR and Director of Markets and Intermediaries.

There are two working sub-groups reporting to the MiFID Level 3 Expert Group:

- the 'Intermediaries sub-group', chaired by Antonio Carrascosa, Director General at the Comisión Nacional del Mercado de Valores (CNMV), Spain's securities supervisor. The rapporteur of the 'intermediaries sub-group' is Diego Escanero, Senior Officer at CESR Secretariat;
- the 'Markets sub-group', chaired by Hans Wolters, Head of Policy at the Autoriteit Financiële Markten, Holland's securities supervisor. The rapporteur of the 'markets sub-group' is Jari Virta, Senior Officer at CESR Secretariat.

CESR has formed a MiFID Consultative Working Group which draws together technical experts from the markets and types of firms affected to provide advice on the technical practicalities of the guidance developed under the work programme. A list of its members is available on CESR's web site.

3. Each Member State of the European Union has one member on the Committee. The members are nominated by the Member States and are the Heads of the national public authorities competent in the field of securities. The European Commission has nominated the Director General of the DG Market, as its representative. Furthermore, the securities authorities of Norway and Iceland are also represented at a senior level. From 1 January 2006, the securities supervisors of Romania and Bulgaria attend CESR meetings as observers.
4. For further information please contact:

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