



Michel Barnier
European Commissioner for Internal Market and Services
European Commission
BERL 10/034
B - 1049 Brussels
Belgium

Sent by email to: Michel.Barnier@ec.europa.eu

10 March 2011

Dear Commissioner Barnier,

We are writing to you in the context of the European Commission's consultation on the Markets in Financial Instruments Directive (MiFID) to express our support for the principle that regulatory intervention in a market should tend to support a widening of choice for investors – whether financial investors or corporate firms seeking to hedge risk – rather than the reverse. We believe that preserving investors' freedom to choose where to execute trades is entirely compatible with the goals of ensuring transparency, strong risk management and operational efficiency.

The Report on Trading of OTC Derivatives published by the Technical Committee of the International Organisation of Securities Commissions (IOSCO) on 18 February 2011 supports this idea.

The Report explores the benefits and challenges associated with the September 2009 G20 commitment that standardised OTC derivatives should be traded on exchanges or electronic trading platforms, where appropriate. It concludes that it is appropriate to trade standardised derivatives contracts with a suitable degree of liquidity on organised platforms, and that a flexible approach to defining what constitutes an organised platform for derivatives trading would maximise the number of standardised derivative products that

can be appropriately traded on these venues. It also notes that relatively less structured platforms are appropriate for the trading of less liquid products.

The Task Force that drafted the report brought together securities regulators from a broad range of countries and we therefore believe that its conclusions provide a sound basis on which to design globally consistent legislative proposals at the regional level.

In the context of MiFID, the Report's findings would suggest that the requirements that apply to Organised Trading Facilities (OTFs) should be sufficiently tailored to meet the specificities of different markets and venues. This would support investor choice, whilst delivering on regulatory objectives.

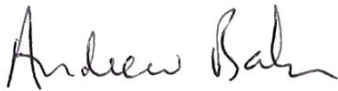
Yours sincerely,



Hugh Savill
Association of British Insurers



Anthony Belchambers
Futures and Options Association



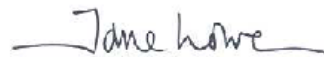
Andrew Baker
Alternative Investment Management Association



René Karsenti
International Capital Market Association



Simon Lewis
Association for Financial Markets in Europe



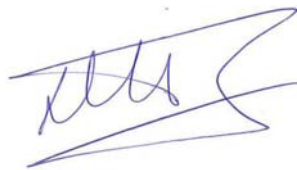
Jane Lowe
Investment Management Association



Sally Scutt
British Bankers' Association



Adam Jacobs
International Swaps and Derivatives Association



Peter De Proft
European Fund and Asset Management Association



Alex McDonald
Wholesale Markets Brokers' Association
London Energy Brokers' Association

About the signatories

The Association of British Insurers (ABI) is the trade body for insurance companies in the UK. The Association has around 400 companies in membership. Between them, they provide around 90% of domestic insurance services sold in the UK. ABI member companies also account for almost 15 per cent of investments in the London stock market.

Founded in 1990, the Alternative Investment Management Association (AIMA) is the global representative of the hedge fund industry. We represent all practitioners in the alternative investment management industry – including hedge fund managers, fund of hedge funds managers, prime brokers, legal and accounting firms, investors, fund administrators and independent fund directors.

AFME (Association for Financial Markets in Europe) promotes fair, orderly, and efficient European wholesale capital markets and provides leadership in advancing the interests of all market participants. AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association through the GFMA (Global Financial Markets Association).

The British Bankers' Association (BBA) is the leading association for the UK banking and financial services sector, speaking for over 200 banking members from 60 countries on the full range of UK and international banking issues. In addition, 40 professional firms are also associated with us. Our members, whilst predominately banks, engage in activities which range widely across the financial spectrum, encompassing services and products as diverse as primary and secondary securities trading, insurance, investment advice and wealth management, custody, as well as conventional and non conventional forms of banking.

The European Fund and Asset Management Association (EFAMA) is the representative association for the European investment management industry. EFAMA represents through its 27 member associations and 51 corporate members about EUR 13.5 trillion in assets under management of which EUR 8 trillion managed by 53,000 investment funds at the end of 2010.

The Futures and Options Association (FOA) represents participants in the futures and options markets. Members include global banks, brokers, commodities trade houses, energy market participants, proprietary trading firms, exchanges, clearing houses, systems providers, lawyers, accountants and consultants. It works for and with members to represent the interests of the industry; maintain a constructive dialogue with government and regulatory authorities; deliver high standards in industry practice; and resolve operational issues.

The International Capital Market Association (ICMA) is a pan-European self regulatory organisation and an influential voice for the global capital market. It has a membership of 400 firms and represents a broad range of capital market interests including global investment banks and smaller regional banks, as well as asset managers, exchanges and other venues, central banks, law firms and other professional advisers. ICMA's market conventions and standards have been the pillars of the international debt market for over 40 years.

The IMA represents the asset management industry operating in the UK. Our members include independent fund managers, the investment arms of retail banks, life insurers and investment banks, and the managers of occupational pension schemes. They are responsible for the management of €4 trillion of assets, which are invested on behalf of clients globally. These include authorised investment funds, institutional funds (e.g. pensions and life funds), private client accounts and a wide range of pooled investment vehicles.

The International Swaps and Derivatives Association (ISDA), which represents participants in the privately negotiated derivatives industry, is among the world's largest global financial trade associations as measured by number of member firms. ISDA was chartered in 1985, and today has more than 800 member institutions from 55 countries on six continents. These members include most of the world's major institutions that deal in privately negotiated derivatives, as well as many of the businesses, governmental entities and other end users that rely on over-the-counter derivatives to manage efficiently the financial market risks inherent in their core economic activities.

The Wholesale Market Brokers' Association (WMBA) and the London Energy Brokers' Association (LEBA) are the European Industry Associations for the wholesale intermediation of Over-the-Counter (OTC) markets in financial, energy, commodity and emissions markets and their traded derivatives. Our members are Limited Activity firms that act solely as intermediaries in the said wholesale financial markets. As IDBs, the WMBA members' principal client base is made up of global banks and primary dealers.