



**INDUCEMENTS
BANESTO BOLSA S.A., S.V.**



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1. SCOPE

The European Community Markets in Financial Derivatives Directive ("MiFID") (Directives 2004/39/EC and 2006/73/EC and Regulation 2006/1287/EC) establishes the general principle that providers of investment or ancillary services must act in an honest, impartial and professional manner in the best interest of its clients.

As part of its overriding objective of reinforcing transparency and customer protection, the Directive introduces novelties in the area of inducement rules, defined as fees, commissions and non-monetary benefits paid or received by an investment firm in connection with the provision of an investment or ancillary service to a client.

Under MiFID the receipt or payment of inducements, common practice in the financial sector, are considered legitimate, albeit subject to certain conditions: a) that the client is informed of their existence, nature and amount/calculation method; b) their realisation implies an enhancement to the quality of the service provided, and c) they do not clash with Banesto's policy on conflicts of interest.

2. SCOPE OF APPLICATION

Inducements are received most commonly from a third party in connection with marketing processes at collective investment institutions or marketing of other financial instruments, in securities placements and when transmitting customer orders placed by our clients to third parties for execution or in connection with the receipt of orders from third parties for execution. There are other instances where retrocession payments may be received from third parties in connection with the sale of financial instruments falling under the scope of MiFID.

In so far as Banesto Bolsa is concerned, inducements may be received from third parties in conjunction with the placement of securities or other financial instruments where Banesto Bolsa is acting as placement agent or underwriter.

In addition, Banesto Bolsa may receive or pay inducements to another financial entity or third party, as appropriate, in relation with the transmission or receipt of orders for execution in order to increase trading volumes, so long as doing so ensures best execution for its clients. The purpose of providing payments to third parties in connection with order transfers is to facilitate order execution in venues in which Banesto Bolsa is not a member, and in the case of markets in which it *is* a member, to be able to use the services of another entity that has better knowledge and presence in that particular market.

Training may be received from third parties involved in the world of finance in connection with financial instruments subject to MiFID in order to keep knowledge and skills rigorously up to date, so long as said training enhances and improves customer service. Meanwhile, in certain instances of order transmission, some of the entities with which Banesto Bolsa operates or has agreements may be charged higher fees as a result of the receipt of market or security research or other financial information from Banesto Bolsa which adds value to the client recommendations passed along.

3. ADDITIONAL INFORMATION ON INDUCEMENTS

Clients contracting a Banesto Bolsa financial service which may entail an inducement as defined herein are provided with additional information on the inducements applied to the

service in question which will be communicated in the manner provided for under prevailing regulations governing the corresponding service, without prejudice to the client's right to expressly request greater disclosure from the Company.

4. DURATION

The information contained herein regarding inducements will be updated at least once a year.

Banesto Bolsa S.A., S.V.

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