

Secretary General
The Committee of European Securities Regulators,
11-13 Avenue de Friedland
F-75008 Paris
France

15 April 2004

Dear Sirs

Prospectus Directive Guidance - Call for evidence

We are writing to you on behalf of the PricewaterhouseCoopers firms throughout Europe, in response to your call for evidence of 4 March 2004 on guidelines for the consistent implementation of the proposed Commission's regulation on prospectus.

We believe that the development of such guidelines is essential to the creation of a single European capital market. This, together with timely co-operation between individual competent authorities across the European Union, will facilitate the basis on which investors and issuers can have confidence as to the standard to which prospectuses are prepared.

We would note that we see any guidance as something that will need to evolve as the Prospectus Directive Regulation is applied in practice. We would encourage you to focus your immediate efforts on those areas most commonly experienced under the current prospectus regime.

In our view, the greatest challenge for you when drafting guidance will be to provide sufficient detail without being over prescriptive. Whilst in general we would encourage you to retain flexibility wherever possible, we do believe that greater prescription may be necessary where the Prospectus Directive Regulation imposes reporting obligations on auditors or independent accountants as without sufficient detail in such areas as the principles to be applied by issuers when preparing profit forecasts auditors, or independent accountants, may be reluctant to report and, in consequence, denying issuers of the opportunity to disclose such information.

Secretary General

15 April 2004

In terms of detailed comments and suggestions as to areas where we believe you should consider providing guidance to issuers we are supportive of the positions expressed by the Fédération des Experts Comptables Européens (“FEE”) in its response to you. In particular, we strongly endorse the suggestion that you should facilitate the communication of the diverse prospectus liability regimes across the European Union in order that issuers, and their auditors, can take account of implications arising when making a pan-European public offer using the new Prospectus Directive “passport”.

In addition to those issues identified by FEE, we would suggest that you might wish to consider developing guidance covering the following requirements:

- Annex I, Item 9 – Operating and financial review
- Annex I, Item 10 – Capital resources
- The disclosure of non-GAAP measures in prospectuses

In each case, we would encourage you to have regard to existing guidance and requirements not only in the European Union but also in other capital market regimes outside Europe.

We would also wish to stress the importance of gaining an understanding of the differing nature of prospectus liability across the European Union, as we believe that this is a key driver to the quality of information disclosed in a prospectus. In particular, we are concerned that the effect of the Prospectus Directive “passport” will be to lead investors to demand a common standard of execution by issuers and, in particular, by auditors and the consequent impact on auditor liability.

In considering any guidance that you may publish, we believe that you should not seek to impose additional obligations upon an issuer’s auditor or independent accountants beyond those to be required by the Prospectus Directive Regulation.

Secretary General

15 April 2004

In conclusion, we would be pleased to discuss any of the points raised in this letter. If so please do, in the first instance, contact Kevin Desmond at the above address. We also look forward to responding to your consultation paper in due course.

Yours faithfully

PricewaterhouseCoopers