

Mr Fabrice Demarigny
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Mandate to CESR for technical advice on implementing measures on the equivalence between certain third country GAAP and IAS/IFRS

Dear Mr Demarigny,

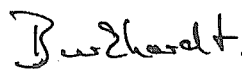
Assessing the equivalence of financial statements prepared by issuers from third countries on the basis of their national accounting regime for the purpose of complying with disclosure requirements under the Transparency and Prospectus Directives will be a key aspect of implementing these two items of legislation. Legal certainty needs to be created as soon as possible. A degree of reservation on European markets may already be observed on the part of third country issuers. This reservation is the result of uncertainty about what accounting standards they will be required to use after the end of the transitional period. We therefore welcome CESR's intention to develop appropriate methods of assessing equivalence.

CESR's mandate is limited to assessing the equivalence of accounting rules from a technical point of view, irrespective of the convergence projects that exist or of whether or not third countries already recognise IAS/IFRS as equivalent to their domestic GAAP. This is a logical approach to establishing an economically sound assessment basis. Nevertheless, financial statements prepared under a third country's legal system should, in principle, be recognised in the EU only if that country also recognises IAS/IFRS accounts. This principle should be followed, above all, in light of

the lack of recognition by the SEC up to now of accounts prepared under IAS/IFRS. In the interests of moving towards mutual recognition, we suggest that CESR, in co-operation with the SEC and possibly other standard setters as well, draw up a list of minimum technical requirements that accounting regimes should fulfil. All high quality accounting systems satisfying these requirements ought then to be recognised on all major stock exchanges throughout the world.

Should you require any further information, please do not hesitate to contact us.

Yours sincerely,



Katrin Burkhardt



Silvia Schütte