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Comments to CESR's Technical Advice on equivalence of certain third country GAAP and on description of certain third countries' mechanisms of enforcement of financial information

Dear Sir, Madam

Swiss Re is one of the world's leading reinsurers and the world's largest life and health reinsurer. The company operates through more than 70 offices in over 30 countries. Swiss Re offers a wide variety of products to manage capital and risk. Swiss Re is listed on the Swiss stock exchange and traded on Virt-x (which is UK domiciled).

Swiss Re's consolidated financial statements are currently published in accordance with Swiss GAAP FER. The accounting base can be adapted relatively efficiently to US GAAP on a timely basis.

We support CESR's recommendation that US GAAP is equivalent to IFRS and that a reconciliation between US GAAP and IFRS is not required.

We are concerned that providing quantitative information on significant differences¹ in practice requires the company to do a reconciliation. Issuers will have to do an IFRS valuation to quantify differences and to reach a conclusion on their materiality for disclosure². We do not believe that this information adds significant extra value to investors given the conclusions on equivalence between US GAAP and IFRS which you have reached.

¹ see consultation paper paragraphs 25-27 and 85

² see consultation paper paragraphs 99-100

We believe that it is not practical to require non-EU issuers to prepare this information within the next twelve months to eighteen months³. We think that the requirement for non-EU issuers to prepare three year's of financial information on the same basis in the Prospectus Directive⁴ makes the situation even worse, as we have to put together three years of quantitative information on significant differences. The three year requirement is already punitive for non-EU issuers who do not have an equivalent GAAP as their current accounting base.

We recommend that equivalence should not lead to quantitative disclosures for accounting differences. We think that qualitative disclosures are sufficient to fulfill investors' need for understandability and comparability.

Thank you for the opportunity to comment on your proposals. I am happy to discuss our comments with you.

Yours faithfully



Mark Swallow

Chief Accounting Officer
Swiss Reinsurance Company

Appendix

Under paragraph 20.1, Annex I of the Prospectus Regulation, three year's of financial information is required to be included in a prospectus published in connection with an offer or admission to trading of equity securities. Although EU issuers do not have to prepare the first of these three year's financial information to IFRS or an equivalent GAAP (as per the CESR level 3 guidance on the Prospectus Directive), non-EU issuers are required to prepare all three years' financial information to IFRS or an equivalent GAAP.

A non-EU issuer publishing a prospectus after 1 January 2007 (when the exemptions in Articles 35(3) and 35(4) of the Prospectus Regulation have expired), would have to include in that prospectus financial information prepared to IFRS or an equivalent GAAP for its 2006, 2005 and 2004 (and potentially even its 2003 if the prospectus was issued prior to the 2006 annual accounts being published) financial years.

³ Depending on if the issuer changes for interim accounts or for full year only. It is not desirable to have interim and full year on different bases.

⁴ See Appendix