DEUTSCHE BÖRSE

Mr. Fabrice Demarigny
Secretary General
Committee of European Securities Regulators
11-13, avenue Friedland
75008 Paris
France

29 January 2007

Response to CESR/ 06-515;
CESR's Issues Paper: Call for evidence on the supervisory functioning of the Prospectus Directive and Regulation

Dear Mr. Demarigny,

Thank you for giving us the opportunity to comment on the call for evidence on the supervisory functioning of the Prospectus Directive and Regulation.

Deutsche Börse generally supports the progress in the area of the Prospectus Directive and Regulation. Generally, we think that the current regulatory framework is working very well and is contributing to the harmonisation of the European financial market. However, there are some important issues we would like to address:

1) Application/Consistent interpretation of the term "Public offering'

In Article 3 of the Prospectus Directive it is clearly stated that Member States shall not allow any offer of securities to be made to the public within their territories without prior publication of a prospectus.

This rule is an elementary pillar of the whole prospectus regime, in terms of both investor protection and capital market efficiency and last but not least with regard to a level-playing-field within the European Union. Saying this, we would very much appreciate if CESR actively encouraged the Member States to strictly adhere to these rules, especially in connection with the use, definition and interpretation of the term "public offering" and related terms like "qualified investors". It should be guaranteed that the definition and interpretation of this term does not differ from Member State to Member State. An equal use of the term "public offering" is a precondition for achieving the overall aims mentioned above.

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2) Q&A/Consideration of financial innovations

The European financial market is an innovative market which engages in an ongoing review and extension of useful financial products and procedures. For example, the decoupled bookbuilding-procedure (accelerated bookbuilding) is a financial innovation which is very prominent in the German capital market at present. Deutsche Börse thinks that it seems to be useful to add such accepted market innovations into CESR's Q&As on an annual basis to achieve legal certainty and to promote further harmonisation in the European financial market.

3) Equivalence of third country financial reporting standards

The discussion on the equivalence of third country financial reporting standards is difficult and complex. Deutsche Börse welcomes the efforts of the European Commission as well as CESR to achieve a well-balanced solution in this area. Nevertheless, we think, any delay regarding the acceptance of the equivalence of third country financial reporting standards could be a step backwards regarding the overall aim to strengthen Europe's claim as leading financial market. Knowing the decision of the European Commission as of 4 December 2006, we would welcome a clear decision with regard to exemptions and temporary regulations regarding the acceptance of third country accounting standards. Unfortunately, the whole discussion in the areas is only focussed on US-GAAP, Canadian GAAP and Japanese GAAP. In this context, we would like to draw CESR's and the European Commission's attention to the fact that there is a strong need to extend the scope of this discussion to other jurisdictions, such as Switzerland, China and India, etc. On the one hand, there are many interesting companies which have a strong interest in a listing at European capital markets. On the other hand, there is a strong need for European exchanges and the whole capital markets to participate in the economic revival of emerging markets, especially in Asia and CEE. Due to the global competition of the capital markets there is no time to lose.

Please do not hesitate to contact us in case you have any further question.

Yours sincerely,

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