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Dear M. Demarigny

**RESPONSE TO CALL FOR EVIDENCE ON IMPLEMENTING MEASURES ON THE
EQUIVALENCE BETWEEN CERTAIN THIRD COUNTRY GAAP AND IAS/IFRS**

Thank you for the opportunity to comment on the mandate for technical advice on implementing measures on the equivalence between certain third country GAAP and IAS/IFRS in regard to the Prospectus and Transparency Directives.

We welcome this mandate, as the importance of a decision on the equivalence of third country accounting standards is an issue we have been vocal about for some time. Third country issuers may be considering listing outside of the EU as a result of the current uncertainty, and this is clearly detrimental to the desired effect of the Prospectus and Transparency Directives.

In general, we support the development of a comprehensive set of international accounting standards for use throughout the EU and globally to increase the transparency and comparability of company accounts. However, it is clear that this will not happen overnight, and in the meantime we must ensure that we do not reduce the willingness of third country issuers to list in the EU.

In terms of approach, we agree that CESR should make a “global and holistic assessment” when reviewing each third country GAAP. We recognise that if a line-by-line comparison is made, there will undoubtedly be differences between each GAAP and IAS/IFRS. However this should not necessarily cause them to be rejected. Instead, we believe that CESR should use a qualitative approach to assess each GAAP, on the basis of whether the third country GAAP are already widely accepted in EU markets, are subject to proper enforcement mechanisms, and are well codified and documented.

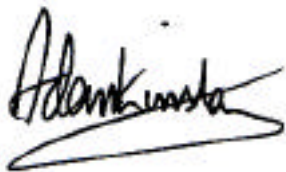
On more specific aspects of the mandate, we welcome treating the issue of equivalence that arises in both the Prospectus and Transparency Directives in a single and specific mandate, as this should ensure consistency between the two Directives, and this approach will accelerate a resolution to the current uncertainty.

In addition, the mandate invites CESR to give advice on remedies that should be applied where the equivalence of the relevant third country GAAP cannot be confirmed. In these circumstances, we do not believe that issuers should have to restate their financial statements as this will be costly, and will create a barrier to entry for third country issuers and therefore deprive European investors of the opportunity to invest in non-EU companies.

We are also concerned that even the seemingly 'lighter' option of reconciliation of key figures and additional explanations would be considered as almost as onerous as restatement of all financial statements. Professional investors will be familiar with the third country GAAP's in question, and will be comfortable with figures presented in this way. At the same time, the proportion of direct investment by retail investors in US, Japanese and Canadian companies is very limited. With this in mind, we do not feel that a reconciliation approach could be justified on cost-benefit terms. Instead, remedies could include an explanation of material differences; but not an explanation of *all* possible GAAP differences.

I hope our views are helpful to CESR's work. Please do not hesitate to contact me if you wish to discuss any aspect of this letter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Adam Kinsley', with a stylized flourish at the end.

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