



London
STOCK EXCHANGE

15 September 2005

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Dear M. Demarigny

RESPONSE TO CESR CONSULTATION ON COMPLEX FINANCIAL HISTORIES

Thank you for the opportunity to comment on potential amendments to Regulation 809/2004 regarding the historical financial information which must be included in a prospectus.

We fully support initiatives that ensure prospective shareholders have sufficient information on which to base investment decisions. We would prefer that the regulation examined the substance rather than the form of the company and that such information should account for business structures where there has been a complex financial history.

The Prospectus Directive requires that sufficient information relevant to the company structure is supplied to investors for them to make an informed assessment. However, we would ask CESR to note that significant market pressure is also applied to new issuers and their advisers when seeking public finance to ensure that pertinent and quality information is available to prospective investors.

Complex financial histories by their very nature do not follow a standard pattern. As such, the regulatory approach should allow the competent authority to use its discretion on a case-by-case basis. Such discretion should encompass an element of 'materiality' to ensure that relevant detail is included and if not an explanation is provided. The previous legislation would largely appear to have accommodated this approach.

In conclusion, we would not endorse a rules-based response to the complex financial history issue, which would increase costs to issuers and reduce discretion available to regulators. We therefore believe that only a limited change should be made to the Regulation (809/2004) to allow competent authorities to require further information, supported by guidance and examples at Level 3 on

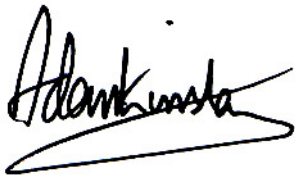
15 September 2005

M Demarigny / page 2

the financial information that competent authorities agree amongst themselves would be necessary. Some of the proposals in the consultation paper which require additional information are consistent with the current practice in a number of member states, and therefore we do not believe that there would be incremental cost where the practice already exists.

We trust these comments are useful. Please contact us if you require further assistance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Adam Kinsley', with a long horizontal flourish extending from the end of the name.

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