

Secretary General
The Committee of European Securities Regulators
11-13 Avenue de Friedland
F-75008 Paris
France

20 June 2005

Dear Sirs

Call for evidence - Complex financial histories

We are writing to you on behalf of the PricewaterhouseCoopers firms throughout Europe, in response to your call for evidence of 3 June 2005 on possible amendment to the requirements in Commission Regulation (EC) 809/2004 (the "Prospectus Regulation") regarding the historical financial information which must be included in a prospectus.

Consistent with our responses to you concerning the development of the Prospectus Regulation and as to your recommendations concerning its implementation, we firmly believe that investors, particularly in share offerings, should be provided with historical financial information that reflects the substance of the issuer's business.

Respecting the Lamfalussy hierarchy, we would suggest that the amendment to the Prospectus Regulation be kept relatively simple. This would then be supplemented with "Level 3" recommendations from you to illustrate the application of the requirement to particular circumstances; as have been identified in the Commission's mandate.

We believe that it is necessary for the Level 2 amendment to be at a high enough level to accommodate the underlying interacting complexities associated with individual situations, reconciling these with IFRS and accommodating the provision of the appropriate level of assurance by auditors or independent accountants. Following this model would, in our view, allow issuers and regulators sufficient flexibility to identify the historical financial information disclosures appropriate to the facts and circumstances of any specific case.

We would also ask that you work with appropriate bodies to develop specific guidance for issuers in relation to the preparation of "carve-out" financial statements. Such guidance is essential if it is to be the case that auditors, or independent accountants, are to be required to report as to whether such financial statements show a true and fair view.

As to the examples identified in the mandate, we believe that the second bullet should be expanded to capture "businesses" as well as "companies" that were under common control; as it is not infrequently the case that the corporate structure within a group does not mirror its business structure.

Secretary General

20 June 2005

In conclusion, we would be pleased to discuss with you any of the points raised in this letter. If so please do, in the first instance, contact Kevin Desmond at the above address. We also look forward to responding to your consultation paper in due course.

Yours faithfully

Kevin Desmond