

September 15, 2005

Mr. F Demarigny
Secretary General
The Committee of European Securities Regulators
11-13 avenue de Friedland
F-75008 Paris

RE: Response to CESR's technical advice to the European Commission on a possible amendment to Regulation (EC) 809/2004 regarding the historical financial information which must be included in a prospectus (CESR/05-428)

Ladies and Gentlemen,

We strongly support and encourage CESR's view expressed in recital 30 of the consultation paper that the additional requirements discussed in the consultation paper should only be requested on those cases where the Shares Registration Document applies according to article 4 of Regulation 809/2004.

As a consequence we understand that a case like our own merger when on September 12, 2003 the German entity of Salomon Brothers was merged into the German Citibank entity (2 credit institutions of approx. similar size) which was and continues to be a frequent issuer of derivative non-equity securities would today be flexibly approached in light of recitals 36 to 38. By the time the merger became effective and the entity changed its name into Citigroup Global Markets Deutschland we amended our prospecti not with pro-forma merged financials but added the historical annual accounts of Salomon's as of 31.12.2002. In May 2004 the first financial statements were published and included in the prospectus which fully reflected the merger. In this historical case we would have had serious problems to determine what accounting policy the merged company will apply in its next published annual accounts and/or to restate the latest annual (or semi-annual) accounts of the 2 merger partners in line with future accounting policies, not to mention a full audit of the restated accounts. Any restatements or audited pro-forma merged financials would have easily cost approx. EUR 500,000 to 1,000,000.

Our historical case lends support to the view that for derivative or debt securities, in particular in case the issuer is a credit institution, it is not proportionate to require pro-forma merged financials in order to protect investors. The merged company doubled its equity and doubled total assets. From the perspective of investor protection this was definitely the important point while we are of the opinion that any potential restatement of the 2002 financials of one or both merger partners would not have created a benefit in proportion to the effort required. We are making reference to our own case because we think that it provides evidence that the potential of a merger/acquisition, i.e. whether the company will become stronger or weaker, can be expressed without pro-forma merged/consolidated financials and without restating past accounts in line with future accounting policies, not to mention an audit of the restated figures.

We trust that for non-equity securities the approach towards a case like the historical Citigroup merger in Germany in 2003 will reserve substantial discretion on behalf of the competent authority also in the

future. It is our expectation that in practice the desire for flexibility as expressed in recitals 36 to 38 will not be interpreted in the way that for debt or derivative securities the maximum will be required similar to shares but a disclosure that is proportionate to the situation. This can only mean that some feature will be lacking, i.e. no pro-forma information and/or no restatements and/or no re-audit.

Below please find our position on the questions raised in the Consultation Paper:

27. Q: Yes, however, disclosure requirements for cases of complex financial history should be approached with a sense of what is adequate to inform investors on the one hand and what can possibly be produced in an eventually short period of time. It may not be possible to produce a 3 year history on a carve out, still there may be many avenues to inform the investor on the essentials of the transaction. Sensible flexibility will in complicated cases be more relevant than pre-determined long lists of requirements.

32. Q: The requirements should be relevant to all equity securities which will lead to the issuance of new shares.

35. Q: No. Not in the case of equity securities. In the case of non-equity securities it may be proportionate to distinguish between credit institutions and other issuers.

40. Q: For mergers pro-forma merged financials should be optional. Historical financials of the amalgamated entity should suffice without any restatements in line with present or future accounting policies.

45. Q: In case a rise/fall in profits by 25% would constitute such criterion we feel that is not proportionate. If the basis would be a small profit, a 25% rise or fall will be very likely. Hence at least two factors should change significantly. For example total assets and net profits.

51. Q: Option 1 for practical reasons. Especially if the transaction happens at short notice how to manage Option 2 or 3 on time?

52. Q: n.a.

57. Q: Option 2 or 3.

61. Q: No audit should be required. Within one year an audit will be performed anyways.

63. Q: At the most 64.Q: c)

68. Q: It appears unlikely that historical financial information will be available for one or more years in case of a carve out. The disclosure requirements in such a case should be approached very flexibly taking into account what can possibly be produced in such a case.

70. Q: c)

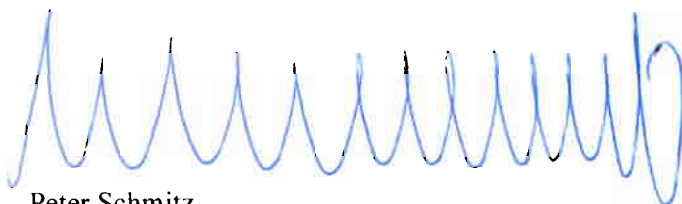
77.Q: Option 1.

78. Q: We would prefer to give historical financial information on the significant acquisition/disposal without restatements in line with the issuer's accounting policy to be applied in the next published annual accounts.

81. Q: No. As long as a deal has not been closed an announcement giving a summary on the transaction should suffice with the full disclosure following as soon as it is available, at the latest on the closing date. For practical reasons it may not be possible to produce full disclosure once a deal is signed.

83. Q: Yes.

Yours sincerely
Citigroup Global Markets Deutschland AG & Co. KGaA



Peter Schmitz
Vice President