

By email to markt-g3@ec.europa.eu

European Commission
Directorate-General Internal Market and Services
B-1049 Brussels
Belgium

4 March 2009

Dear Sirs

Review of Prospectus Directive

We are writing to you, as representatives of the PricewaterhouseCoopers network of firms, in response to your request for comments on the proposals arising from your review of Directive 2003/71/EC on the prospectus to be published when securities are offered to trading (the "Prospectus Directive").

We welcome this consultation and support the overall objective of simplification and administrative burden reduction. We agree that the proposals you have proposed to amend the Prospectus Directive will meet these objectives. Specifically, we support the elimination of the Article 10 "annual list" disclosure requirement, which, in our view, serves no useful purpose. We have no objection to the other proposals that you are making that, collectively, reduce the number of circumstances when a prospectus might be required.

We do, however, have some comments on the other issues identified for comment in the "Background Document" accompanying the consultation proposals.

In particular, we do not believe that regulated markets are best served by eliminating the issue of a prospectus when, for example, a rights issue is taking place, as advocated in Section 4.5. However, we believe that there is scope for reducing the content requirements for a further issue prospectus. This would ease the administrative burden of preparing a prospectus particularly in those markets where rights issues are commonly used to raise further equity capital.

Such reduced disclosure requirements would be justified by reference to the fact that their operation would be restricted to those issuers whose equity securities are traded on an EU regulated market as they are bound by the periodic reporting requirements of the Transparency Obligations directive.

In passing, we would note that a number of Member States operated a lighter disclosure regime for further issues than initial listings prior to the implementation of the Prospectus Directive.

We have summarised in the appendix to this letter disclosures required by Annex I to EC Regulation on Prospectuses No 809/2004 that, we believe, should be considered for omission from a prospectus issued by a company already traded on an EU regulated market where the offer of securities requiring the production of a prospectus is made wholly or mainly to the company's existing shareholders such as would be the case in connection with a rights issue. We would

encourage you to work with the Committee of European Securities Regulators in bringing forward proposals to this effect.

Whilst advocating less disclosure in a rights issue prospectus as a measured response to the concerns of issuers over the cost and effort necessary to produce a prospectus, there are certain disclosures that we believe are critical to an investor when making an informed assessment of an issuer's financial position and prospects. Notable among these is the working capital statement which, we believe, provides an important disclosure that provides investors with comfort as to the short term financial health of the issuer.

A reduced disclosure approach would also have the benefit of addressing the concerns of small quoted companies whose equity shares are traded on an EU regulated market seeking to issue additional amounts of capital highlighted in paragraph 4.3 to the Background Document.

Should you wish to discuss our response, please contact Kevin Desmond at kevin.desmond@uk.pwc.com.

Yours faithfully

PricewaterhouseCoopers LLP

APPENDIX

Suggested disclosures that could be omitted from a rights issue prospectus

Annex	Item	Description	Reason
I	6	Business overview	Existing shareholders do not need this information to be repeated as they should already be aware of this.
I	7	Organisational structure	Existing shareholders do not need this information to be repeated as they should already be aware of this.
I	8	Property, plant and equipment	Existing shareholders do not need this information to be repeated as they should already be aware of this.
1	9	Operating and financial review	To the extent that historical financial information is not needed, see I, 20.1 below, it should not be necessary to include this.
I	11	Research and development	Existing shareholders do not need this information to be repeated as they should already be aware of this.
I	15	Remuneration and benefits	To the extent required to be disclosed by a Member State in or with an issuer's annual financial report this does not need to be repeated.
I	16	Board practices	To the extent required to be disclosed by a Member State in or with an issuer's annual financial report this does not need to be repeated.
I	20.1	Historical financial information	<p>The Transparency Obligations Directive requires the disclosure of the annual financial report. This information does not need to be re-presented to existing shareholders.</p> <p>It should be noted that the complex financial history provisions should continue to apply as, for example, financial information on an acquired, or to be acquired, entity significant to the issuer would not be otherwise available to the issuer's shareholders.</p>
I	20.6	Interim financial information	The Transparency Obligations Directive requires this to be published within 2 months of the end of the relevant period to all shareholders.

I	25	Information on holdings	This disclosure incurs cost to issuers in presenting information often previously published in the annual financial report by virtue of CESR's recommendations that is of little benefit to investors.
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