

HM Treasury
Capital Markets & Governance Team
4/22
1 Horse Guards Road
London SW1A 2HQ

FAO: Simon Cubley

18 January 2005

Dear Sir,

HM Treasury Consultation Paper on UK Implementation of the Prospectus Directive 2003/71/EC

We are writing to you in response to your request for comments on the consultation paper issued by HM Treasury in October 2004 on the UK Implementation of the Prospectus Directive.

We welcome and support the proposals set out in the consultation paper.

In this response we do not intend to cover each question set out in chapter 4 – Proposed Implementation Approach. However, we set our responses to certain questions in Appendix 1 to this letter.

We will also be submitting a detailed written response to the FSA following the recent publication of their consultation paper on 'The Listing Review and the implementation of the Prospectus Directive' (CP 04/16). Therefore, in this response we do not propose to comment on the questions contained in Annex D of the consultation paper.

We would be happy to discuss with you any of the points made in this letter. In the first instance you should contact Kevin Desmond at the above address.

Yours faithfully

PricewaterhouseCoopers LLP

Definition of a public offer

1. *Do you agree that the Directive definition of a public offer benefits from this clarification?*

We agree that the definition does require clarification. The breadth of the definition is useful to accommodate the different models of public offer across the EU. Indeed we also agree that the generality of the definition means that it is not possible to identify how it will be applied in all circumstances. However, we believe the proposed clarification set out in paragraph 4.11 of the consultation paper captures effectively the important area of screen trading.

Public offer of securities regulations

3. *Do you consider the 2.5 million euros threshold to be an appropriate level at which the production and approval of a prospectus is required under UK law?*

We consider the 2.5 million euros threshold to be an appropriate level at which the production and approval of a prospectus is required under UK law.

4. *What form of additional UK prospectuses regime should apply below the 2.5 million euros threshold?*

We do not consider that there needs to be a UK prospectuses regime for public offers below 2.5 million euros.