

ALLEN & OVERY

Telephone: (212) 610-6300
Fax (Group 3): (212) 610-6366
Fax (Group 4): (212) 610-6399

www.allenoverly.com

Our Ref: ERIS/SUKP NY: 84162.8

By Fax: (202) 824 5049

STRICTLY PRIVATE & CONFIDENTIAL

Mr. James A. Brigagliano
Assistant Director
Office of Risk Management and Control
Division of Market Regulation
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Dear Mr. Brigagliano,

Twins Acquisition, Inc. Offer for IDS Group plc

We are writing on a confidential basis on behalf of our client, Twins Acquisition, Inc., a Delaware corporation (**Twins**), which intends to make an offer (the **Offer**) to all shareholders of IDS Group plc, a public limited company incorporated in England and Wales (**IDS**), to purchase the entire issued ordinary share capital (not already owned by Twins and its subsidiaries) of IDS. In accordance with customary practice in the United Kingdom, the Offer will be made outside the United States on behalf of Twins by its financial adviser NM Rothschild & Sons Limited (the **Adviser**), acting solely as agent for Twins. Twins will make the Offer in the United States.

The offer by Twins is in cash for all the issued ordinary shares of par value 10 pence each of IDS (the **Ordinary Shares**) and any further Ordinary Shares that are unconditionally allotted while the Offer is open. The Offer is expected to be recommended by the Directors of IDS.

Twins expects to formally announce the Offer on the week of June 23 to June 29, 2003.

As previously discussed with members of the staff of the Securities and Exchange Commission (the **Commission**), we are requesting exemptive relief from Rule 14e-5 (**Rule 14e-5**) promulgated under the Securities Exchange Act of 1934, as amended (the **Exchange Act**).

SECURITIES AND EXCHANGE COMMISSION
June 25, 2003

JUN 30 2003

SECURITIES AND EXCHANGE COMMISSION

1. Background

IDS

IDS is a holding company of a group of companies specializing in the provision of software and services for the leasing and wholesale finance industries. In the year ended December 31, 2002, IDS achieved turnover of £30.2 million (compared with £35.4 million in 2001) and its consolidated operating profits before goodwill and exceptional items were £3.0 million (compared with £3.8 million in 2001). Reported losses per share (basic and diluted) were 62.64 pence for the year ended December 31, 2002 and its consolidated net assets as at December 31, 2002 were £14.2 million (compared with £54.6 million in 2001)

The Ordinary Shares are listed by the United Kingdom Listing Authority (UKLA) and traded on the London Stock Exchange plc's market for listed securities (the **London Stock Exchange**). As at June 23, 2003, IDS had a market capitalization of approximately £10.88 million.

IDS is a "foreign private issuer" as defined in Rule 3b-4(c) promulgated under the Exchange Act and does not have a class of securities registered under Section 12 of the Exchange Act. Furthermore, IDS does not have a sponsored program in place for American Depository Receipts evidencing Ordinary Shares.

The offer is being made pursuant to the Tier II exemption set forth in Rule 14d-1(d) based on the pendency of a tender offer made by a previous bidder (Capital Stream Minnesota, Inc.) that we understand (based on discussions with U.S. counsel to IDS) was made in reliance on Rule 14d-1(d). Rule 14d-1(d)(1)(ii) provides that the limitation on U.S. ownership condition to the Tier II exemption (i.e., that U.S. holders do not hold more than 40 percent of the class of securities sought in the offer) does not apply to a tender offer that is commenced during the pendency of a tender offer made by a prior bidder in reliance on the Tier II exemption. Accordingly, if an offeror commences a tender offer during an ongoing tender offer for securities of the same class that is the subject of its offer, the second offeror will be eligible to use the Tier II exemption relied on by the prior offeror, so long as all the conditions of the exemption, other than the limitation on U.S. ownership, are satisfied by the second offeror.

Twins

Twins is a newly formed entity incorporated in Delaware and has been incorporated for the purpose of making the Offer. The entire issued share capital of Twins Acquisition, Inc. is owned by Schroder Ventures US Fund L.P.1 (19.83%), Schroder Ventures US Fund L.P.2 (71.97%), Schroder Ventures Investments Limited (7.51%) and Schroder Ventures US Fund Co-Investment Scheme (0.69%).

2. Offer Structure

The Offer is in cash and is structured as a single offer made concurrently in the United Kingdom and in the United States as well as other jurisdictions in which the Offer may be legally extended. The Offer is for 23 pence in cash for each Ordinary Share.

The Ordinary Shares will be acquired by Twins pursuant to the Offer fully paid, or credited as fully paid, and free from all liens, equities, charges, encumbrances and other third party rights or interests and together with all rights attaching thereto on or after the date of the announcement of the offer (the **Offer Announcement Date**) including the right to all dividends and other distributions (if any) declared, made or paid thereafter.

In accordance with customary practice in the United Kingdom, the Offer will be made on behalf of Twins by the Adviser. The Adviser may engage in principal purchases in accordance with its normal practices and procedures and the applicable provisions of the City Code (defined below). As these activities, if conducted, will be conducted in accordance with Rule 14e-5(b)(9), no exemptive relief with respect thereto is being requested hereunder.

The Offer is structured to comply with (i) the rules and regulations of the UKLA, (ii) the City Code on Takeovers and Mergers of the United Kingdom (the **City Code**), and (iii) except as otherwise requested herein, the requirements of Section 14(e) of the Exchange Act and the rules and regulations promulgated thereunder. In structuring the Offer, it is Twins' intention to allow for participation by holders of the Ordinary Shares in the United Kingdom and the United States, while complying with the generally applicable requirements in both jurisdictions to the greatest extent practicable. The Offer will be made pursuant to an official document which is expected to be posted on or about June 27, 2003 (the **Offer Document**). The Offer Document will comply with the rules and regulations of the UKLA and the City Code. The Offer is not subject to Section 14(d) of the Exchange Act or Regulation 14D thereunder since the Ordinary Shares of IDS are not registered under Section 12 of the Exchange Act.

Each owner of the Ordinary Shares who resides in the United States will shortly receive the Offer Document containing a statement that, subject to obtaining the relief requested in this letter, Twins or its nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase Ordinary Shares outside the United States during the period in which the Offer remains open for acceptance. The Offer Document will further state that in accordance with the requirements of Rule 14e-5 and with any exemptive relief that may be granted by the Commission, such purchases, or arrangements to purchase, must comply with applicable UK rules, including the City Code, the rules of the UKLA and the rules of the London Stock Exchange. Any information about such purchases will be disclosed in the United States by way of an announcement by or on behalf of Twins.

The Offer Document is expected to be mailed to all holders of the Ordinary Shares in the United Kingdom and the United States on or about June 27, 2003 and in any event will be mailed within 28 calendar days of the Offer Announcement Date, as required by Rule 30.1 of the City Code. The Offer will remain open for acceptance for 20 U.S. business days after it is made (upon mailing the Offer Document) and thereafter for such additional period or periods as may be determined by Twins and as may be mandated by the provisions of Regulation 14E under the Exchange Act or the City Code (as so extended, the **Initial Offer Period**). The Offer is capable of being, and may be, increased in accordance with the City Code and renewed with the consent of The Panel on Takeovers and Mergers (the **Panel**). To comply with the City Code, however, an offer must lapse unless it becomes or is declared unconditional as to acceptances by midnight on the 60th calendar day after mailing or such later date as the Panel, which administers the City Code, may agree.

Once the Offer becomes or has been declared wholly unconditional (i.e., all conditions to the Offer have been satisfied or, where permissible, waived), which pursuant to Rule 31.7 of the City Code must be not later than 21 calendar days after the date the Offer has become or been declared unconditional as to acceptances (unless the Panel agrees to a later date), Twins will accept all Ordinary Shares that are validly tendered during the Initial Offer Period and will pay for all such accepted Ordinary Shares within 14 calendar days of the Offer being declared unconditional in all respects.

If the Offer becomes or is declared unconditional as to acceptances, the Offer must, in order to comply with Rule 31.4 of the City Code, remain open for acceptances for at least 14 calendar days following the date on which it would otherwise have expired and may remain open for such longer period as Twins deems appropriate (the **Subsequent Offer Period**). If the Offer becomes or is declared wholly unconditional, all Ordinary Shares validly tendered during the Subsequent Offer Period will be accepted and paid for within 14

calendar days. In addition, Rule 31.2 of the City Code requires that notice of the termination of the Subsequent Offer Period must be given not less than 14 calendar days before such termination. An institution operating in the United Kingdom will act as the U.K. receiving agent to receive tenders of Ordinary Shares pursuant to the Offer.

The Offer will be subject to regulatory approvals and various conditions which would be generally customary for U.K. offers of this type.

3. Purchases Outside the Offer and Rule 14e-5

In the United Kingdom, purchases outside an offer are permitted, subject to certain limitations, and such purchases are quite common in connection with cash tender offers for U.K. companies. Under the City Code, Twins and its advisers and brokers are permitted to purchase Ordinary Shares in the open market or otherwise before and during the conduct of, but outside, the Offer, subject to certain limitations including as to price (as described below).

Subject to certain exceptions, Rule 14e-5 prohibits a "covered person" (as defined in Rule 14e-5) from directly or indirectly purchasing or arranging to purchase any securities to be acquired in a tender offer for equity securities or any securities immediately convertible into, exchangeable for or exercisable for such securities, except as part of the tender offer. This prohibition applies from the time an offer is publicly announced until it expires. Rule 14e-5 defines a "covered person" as (i) the offeror, its dealer-managers, and any of their respective affiliates, (ii) any advisers of the foregoing whose compensation is dependent on the completion of the offer and (iii) any person acting in concert either directly or indirectly with any of the foregoing. Purchases by Twins and other covered persons acting on its behalf of Ordinary Shares outside the Offer would not fall within any of the excepted activities specifically outlined in Rule 14e-5. Accordingly, in the absence of exemptive relief, such purchases would be prohibited after the public announcement of the Offer.

Rules 6.1 and 6.2 of the City Code provide protections similar to those provided by Rule 14e-5, making, we believe, exemptive relief appropriate in the circumstances of the Offer, by requiring that the Offer price be increased to not less than the highest price paid outside the Offer. In addition, under Rule 8.1 of the City Code, any purchases outside the Offer are required to be disclosed on a next-day basis to the London Stock Exchange and the Panel and this information is available for public inspection via a Regulatory Information Service. Disclosures of these purchases attract significant publicity by their very nature and they are disseminated on dealers' trading screens throughout the London market.

Although there are, in our view, serious doubts as to whether the jurisdictional predicate for the application of the Exchange Act — namely that there be a purchase of a security "by the use of any means or instrumentality of interstate commerce, or of the mails or of any facility of any national securities exchange" — would be satisfied if Twins, or financial institutions acting on its behalf, made purchases of Ordinary Shares outside the United States, we nonetheless apply, on behalf of such persons, for exemptive relief for such purchases from the provisions of Rule 14e-5 pursuant to Rule 14e-5(d), as set forth below. We have been requested by Twins to emphasize that this letter does not reflect an admission that Rule 14e-5 would apply to such purchases of Ordinary Shares outside the United States in the absence of such exemptive relief.

4. Requested Exemptive Relief

Based on the foregoing, we respectfully request that (i) Twins, (ii) the Adviser and (iii) any broker or other financial institution acting as its or their agent (the **Prospective Purchasers**) be granted exemptive relief from

the provisions of Rule 14e-5 in order to permit purchases of Ordinary Shares outside the Offer by any Prospective Purchaser that would otherwise be prohibited by Rule 14e-5, subject to the following conditions:

- (a) no purchases or arrangements to purchase Ordinary Shares, otherwise than pursuant to the Offer, will be made in the United States;
- (b) disclosure of the possibility of purchases of Ordinary Shares by the Prospective Purchasers, otherwise than pursuant to the Offer, will be included prominently in the Offer Document;
- (c) the Prospective Purchasers shall disclose in the United States information regarding purchases of Ordinary Shares to the extent such information is made public in the United Kingdom in accordance with the City Code;
- (d) the Prospective Purchasers shall provide to the Division of Market Regulation of the Commission (the **Division of Market Regulation**) upon request, a daily time-sequenced schedule of all purchases of Ordinary Shares made by any of them during the Offer, on a transaction-by-transaction basis, including: (1) size, broker (if any), time of execution, and price of purchase and (2) if not executed on the London Stock Exchange, the exchange, quotation system or other facility through which the purchase occurred;
- (e) upon request of the Division of Market Regulation, the Prospective Purchasers shall transmit the information specified in d(1) and d(2) above to the Division of Market Regulation at its offices in Washington, D.C. within 30 days of its request;
- (f) the Prospective Purchasers shall comply with any applicable rules of U.K. organizations, including the City Code and the rules of the UKLA and the London Stock Exchange;
- (g) the Prospective Purchasers shall retain all documents and other information required to be maintained pursuant to this exemption for a period of not less than two years from the date of the termination of the Offer;
- (h) representatives of the Prospective Purchasers shall be made available (in person at the offices of the Division of Market Regulation in Washington, D.C. or by telephone) to respond to inquiries of the Division of Market Regulation relating to such records; and
- (i) except as otherwise exempted herein, the Prospective Purchasers shall comply with Rule 14e-5.

The Commission has granted a number of exemptions from Rule 14e-5 and Rule 10b-13 (the predecessor to Rule 14e-5) to permit purchases by offerors and persons acting on behalf of offerors. We believe the exemptive relief requested herein under Rule 14e-5 is consistent with that granted by the Commission in similar situations in the past such as the letter regarding the offer by St David Capital plc for Hyder plc (available April 17, 2000), the letter regarding the offer by Schlumberger Limited for Sema Group plc (available February 15, 2001), the letter regarding the offer by Vinci for TBI plc (available August 23, 2001), the letter regarding the offer by RWE Aktiengesellschaft for Innogy Holdings plc (available March 22, 2002), and the letter regarding the offer by CIBER (UK) for ECsoft Group plc (available January 8, 2003).

In addition, we note the existence of the Memorandum of Understanding on Exchange of Information between the Commission and the United Kingdom Department of Trade and Industry in Matters Relating to Securities and the United States Commodity Futures Trading Commission and the United Kingdom Department of Trade and Industry in Matters Relating to Futures dated September 25, 1991.

To: James A. Brigagliano
Page: 6

June 25, 2003

5. Conclusion

In compliance with Securities Act Release No. 6269 (December 5, 1980), seven additional copies of this letter are enclosed.

* * *

As permitted by 17 C.F.R. 200.81(b) of the Commission's Rules of Practice, we respectfully request that this letter request and the Commission's response thereto be accorded confidential treatment until the earlier of the commencement of the Offer and the date that is 120 days from the date hereof.

In view of the short timetable, we respectfully request that the Commission issue the requested exemptive relief as soon as practicable. If you require any further information or have any questions, please contact my associate, Sung Uk Park, at 212-610-6442.

Yours sincerely,



Eric S. Shube