



23 January 2004

Office of the Secretary,
Public Company Accounting Oversight Board,
1666 K Street NW,
Washington, D.C.
20006-2803
USA

From the Office
of the Chief Executive

By e-mail: comments@pcaobus.org

Dear Sir or Madam,

Rulemaking Docket Matter No. 013:

Proposed Rules Relating to the Oversight of Non-U.S. Public Accounting Firms

We set out below our comments on the above consultation paper, issued on 10 December 2003.

We welcome the proposal to issue rules allowing the Board to rely on home country control in appropriate circumstances, in so far as it goes. We understand the need to assess on a case by case basis, as regimes around the world vary considerably in structure and effect. However, we regret the lack of any consideration of whether there can be reliance on home country control for registration purposes. The prospective use of the home registering authority as a 'post-box' achieves little and does not solve the disclosure problems that arise as a result of data protection legislation. For example, we understand that there is a legal view that UK firms cannot complete Item 8.1 of the registration form (agreeing to provide any information at any time in the future) because the UK Information Commissioner has indicated that consent from employees to disclosure of "any information at any time in future" would not be valid, as it is too unspecific.

We have had some discussions with you about the registration process in the past and would be very pleased to do so again, as we believe such a process would help solve a number of disclosure and competition issues. To that end we welcome the indicated intent to extend the registration deadline to 19 July, though wonder if that will give you sufficient time to do this subject justice, with interested and serious parties. As U.S. fiscal year-ends tend to be 31 December, it may be worth considering a further extension to, say, September.

As regards inspection and enforcement, we believe the substance of the underlying proposed rules allows suitable flexibility and is to the point. However, we do have a few detailed comments on the proposed rules and discussion thereof.

1. The discussion in the consultation paper envisages a number of issues that the Board will consider. We understand the underlying rationale, but note that the paper seems to regard government as the only possible appointer directly of individuals within an independent system. We believe there are other effective alternatives. For example, here in the UK, government delegates its responsibility to approved supervisory bodies such as us, operating for these purposes within a tight legal and independent oversight framework, which includes public oversight by a government approved but non-government operated organisation that is constitutionally structured to be independent of firms, the profession and the government.

2. It is unclear to us how transparent the Board's system will be in the decision making process as to how suitable the home country system is. Is it intended that an individual regulator (or firm) can apply for a review of an unfavourable PCAOB decision?
3. Proposed rule 4011 requires individual firms to submit a summary of the home country system. In practice, as acknowledged in the discussion, the assessment will be on a system by system basis, rather than firm by firm and we believe it would be more sensible if the provision of the information came directly to you from the home country regulator, particularly as some of the information required by the PCAOB may not be readily apparent to firms. The Board will know the identity of the regulator from the additional information on this subject that you are proposing to include in registration applications.
4. It is unclear to us from our reading of the discussion in the paper, whether the Board is intending that it will always include its own expert to participate in a local inspection visit, or whether such participation will depend on the assessment of the calibre of the relevant non-US system. Given the case by case approach the Board intends to adopt generally, we assume and hope that the latter interpretation is the correct one to adopt.

We would be pleased to discuss any aspect of this submission with you. As agreed at a recent meeting we will forward you further details of our system and its oversight separately and we look forward to further discussions on implementation of the proposed rules.

Yours faithfully,



Eric E Anstee

