

23.09.2009 D/ 001539

Mr Daniel L. Goelzer
Acting Chairman
Public Company Accounting Oversight Board
1666 K Street, NW
Washington, DC 20006-2803
By e-mail: goelzerd@pcaobus.org

Dear Mr Goelzer,

In an exchange I had with Mark Olson in July 2009 before he moved on, I was given to understand that the Bill tabled in Congress will allow the SEC and the PCAOB to exchange audit working papers with its EU counterparts by introducing an amendment to the Sarbanes-Oxley Act (SOX amendment). We very much welcome this initiative of Congress to examine an amendment which would guarantee reciprocal access to audit working papers.

As you may know, on 11 September, the Commission tabled a draft decision on the adequacy of third country regulators under Article 47 of the EU Statutory Audit Directive. This draft decision will allow EU Member States regulators to exchange audit working papers with certain third country regulators. At this point in time, the draft decision does not include the competent authorities in the United States as there is not in place, as yet, the necessary legal mechanism which would allow for mutual exchange of audit working papers between with EU Member States' regulators. The press release that we issued to accompany the draft decision indicates that the competent authorities of the United States could be included in the draft decision, if the SOX amendment is adopted before the vote on the decision.

However, the latest information that I have received indicates that it is unlikely that the SOX amendment would be adopted soon and that, indeed, it might be months before this will happen.

Therefore, we remain concerned about attempts to pursue the PCAOB agenda with our Member States prior to the SOX amendment being adopted and the commensurate changes being made to our draft decision to reflect this. At any attempt to pursue the PACAOB agenda in these circumstances will have legal consequences for our Member States and audit firms within their jurisdiction under the EU Statutory Directive.

Under the EU Statutory Audit Directive, a transfer of audit working papers from the EU to the PCAOB would only be possible if there is a decision of the European Commission stating that the PCAOB fulfils the adequacy criteria set out in Article 47 of that Directive; and if a bilateral working arrangement is concluded between the EU regulators and the PCAOB on the exchange of audit working papers.

Until these conditions are met, the Member States' public oversight bodies cannot accept any PCAOB inspections and the EU audit firms or the Member States' public oversight bodies cannot send any audit working papers, even public ones, to the PCAOB. In such a case, the

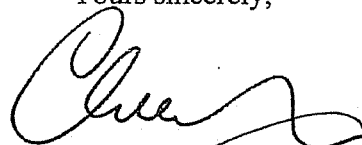
Commission would have to initiate infringement procedure(s) against the Member State(s) concerned before the European Court of Justice. The Commission understands that this information has been communicated by Member States' oversight bodies to EU audit firms.

Therefore, the PCAOB should not apply sanctions to the EU audit firms that cannot comply with the PCAOB inspection or information requests as, under the EU Statutory Directive and their domestic laws, they can neither accept the PCAOB inspections, nor transfer any audit working papers.

In these circumstances, I would strongly urge you to postpone the dates for the proposed inspections in the EU scheduled for September to November 2009 until the necessary legislative changes are in place on both sides of the Atlantic. This would then allow the inspections to take place with maximum cooperation and assistance from all parties concerned.

I would be grateful for your views on this issue.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Charlie', with a long, sweeping underline that extends to the right.

Charlie McCreevy