



**The Japanese Institute of  
Certified Public Accountants**

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August 18, 2003

Office of the Secretary,  
Public Company Accounting Oversight Board  
1666 K Street, NW  
Washington, DC 20006-2803  
U. S. A.

**Re: PCAOB Rulemaking Docket Matter No. 006**

Dear Sirs/Madams,

We are pleased to make comments regarding the proposed rules on inspections of registered public accounting firms.

In our comment letter dated March 31, 2003, we argued that the U.S. law could not require Japanese professionals who are qualified under a Japanese law and provide professional services in Japan to register with the PCAOB and provide it with certain confidential information. We have been proposing that the PCAOB grant an exemption under Section 106 (c) of the Sarbanes-Oxley Act to the members of the Japanese Institute of Certified Public Accountants (JICPA) on the grounds that the auditor oversight system in Japan is essentially equivalent to that in the U.S. We believe that the auditor oversight system in Japan should be relied upon, which would eliminate the necessity of PCAOB inspection over Japanese public accounting firms.

We also believe that some proposed inspection procedures would constitute extraterritorial application of U.S. regulation. We again propose that careful consideration be given to auditor oversight mechanism as to non-U.S. public accounting firms.

As a matter of principle, we do not agree to PCAOB inspection requirements for Japanese public accounting firms. In addition to reiterating this position of ours, we would like to provide our opinion on Rule 4010.

Rule 4010 "Board Public Reports" permits the PCAOB to publish any summaries, compilations or other general reports concerning the findings and results of its various inspections at any time. But we believe it is unilateral and grossly unfair to certain registered public accounting firms when these firms try to remedy the quality control defects identified in the final inspection report. It is true that the PCAOB promises not to divulge the names of public accounting firms at which quality control defects were identified, as Rule 4010 specifies that "no such published report shall identify the firm or firms to which such criticisms relate, or at which such defects were found."

However, in a country like Japan where public company audit engagements are carried out by a very small number of firms, it would not be difficult to identify which firm is referred to in a summary or general report even when its name is not mentioned. We would like the PCAOB to provide for a clause that safeguards privacy and interest of public accounting firms when the PCAOB publishes summaries or general reports concerning findings and results of its inspection activities.

Yours sincerely,

Akio Okuyama,  
President and CEO  
The Japanese Institute of Certified Public Accountants