

Public Company Accounting Oversight Board
Office of the Secretary
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PCAOB RELEASE NO. 2007-007 DOCKET MATTER NO 027 – COMMENTS BY THE AUDITING BOARD OF THE CENTRAL CHAMBER OF COMMERCE OF FINLAND

The Auditing Board of the Central Chamber of Commerce (AB3C) wishes to respond to the request for comments from the Public Company Accounting Oversight Board (PCAOB) regarding Release No. 2008-007, Rule Amendments Concerning the Timing of certain Inspections of non-US Firms, PCAOB Rulemaking Docket Matter No. 027.

The AB3C is the supervising body of audit professionals in Finland. At bilateral level it is a task of the AB3C to find ways in order to successfully cooperate with the oversight bodies of other countries, such as the PCAOB in the US. We share the views presented by the European Commission in its response to the consultation. Thus we do not see joint inspections as a permanent solution for cooperation. However, we are prepared to approve joint inspections as an interim solution. The supervisory cooperation shall be based on full mutual reliance between oversight systems as discussed in many instances before.

We sympathize with the reasons behind the PCAOB's decision on adopting an amendment to Rule 4003 that will give the PCAOB ability to postpone first inspections of the remaining non-US firms that the PCAOB is currently required to conduct before the end of 2008 to the end of 2009. We also understand the reasons why the PCAOB is proposing an amendment to Rule 4003, which would allow the PCAOB to postpone, up to 3 years, the first inspections of any non-US firm that the PCAOB is currently required to conduct by the end of 2009 and that is in a jurisdiction where the PCAOB has not conducted an inspection before 2009. We have no remarks on these.

However, we would like to welcome clarification to

- the criteria of PCAOB's selection of the audit firms to be inspected on a certain year
- what is PCAOB's intention on inspecting audit firms of subsidiaries of SEC registered listed firms
- what is PCAOB's intention on inspecting audit firms whose clients have deregistered according to SEC rules
- how market capitalization is assessed and calculated

As regards the organisation of mutual cooperation with the PCOAB we are strongly committed to support the positions taken by the European Commission. These views have been discussed many times in the bilateral meetings between the PCAOB and the European counterparts such as the European Group of Independent Oversight Bodies (EGAOB) of which AB3C is a member. In

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addition to supporting Commission's remarks, we would like to highlight a few aspects that mainly relate to the conduct of inspections and some relevant matters which are mostly of practical nature.

We share the same concerns with many other EU Member States that the following issues shall be dealt before joint inspections can be conducted:

- There shall be a Commission's decision in place regarding the adequacy of the third country regulators to conclude agreements about transfer of information to the PCAOB by the AB3C
- There shall be a bilateral agreement concluded between the PCAOB and the AB3C
- The transfers can only be organised between the PCAOB and the AB3C
- The Finnish data protection legislation shall be respected and this needs to be safeguarded
- Confidentiality of information i.e. the protection of business secrecy shall be respected and this needs to be safeguarded. This data may not be transferred further nor used for any other purpose.

In addition we would like to suggest that joint inspections are organised in a way which does not risk to offend the state sovereignty of Finland.

In practice, close preparation of inspection techniques and plans is required in order to agree on the joint inspections. This requires transparency and mutual trust between the oversight organisations.

We are quite concerned about the way how the PCAOB intends to deal with conflict of law issues according to its Release. We think that conflict of law issues must be identified and solved without sanctioning the audit firms which must comply with the national law. Cooperative arrangements and mutual trust between oversight organizations is a key issue in avoiding clashes deriving from conflict of law issues.

Despite the legal concerns, we have a strong will to find pragmatic solutions. International cooperation between oversight bodies is essential in supervision of global audit networks and internationally operating audit firms. The AB3C is willing to overcome the difficulties relating to building such cooperation and mutual reliance, and collaborate with the PCAOB and other oversight bodies in other countries to find appropriate solutions to global challenges facing the audit market.

Yours sincerely



Aatto Prihti
Chairman of the AB3C