



**The Japanese Institute of
Certified Public Accountants**

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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. 005

Dear Sirs/Madams,

We are pleased to make comments regarding the proposed rules on investigations and adjudications.

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 investigation 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 investigation requirements for Japanese public accounting firms. In addition to reiterating this position of ours, we would like to identify one example of the unfairness your proposed rules contain.

The proposed rule explains (in the last paragraph of "4. Rules of Board Procedure for the Conduct of Hearings") that Board sanctions would be appealable to the U.S. Courts of Appeals. However, it would be exceedingly difficult for foreign public accounting firms to apply such appeal procedures. We do not think it is appropriate for the PCAOB to apply sanctions against Japanese accounting firms. Therefore another appropriate arrangement must be made between the Japanese regulator and the PCAOB in the cases where certain disciplinary arrangements are to apply to Japanese public accounting firms.

Yours sincerely,

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