



Schweizerische Eidgenossenschaft
Confédération suisse
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Federal Audit Oversight Authority FAOA

Swiss Confederation

by e-mail only (comments@pcaobus.org)

PCAOB
Office of the Secretary
1666 K Street, N.W.
Washington, D.C. 20006-2803
United States of America

Reference:
Your sign:
Our sign: PCAOB/DAS/0902
Berne, February 2, 2009

PCAOB Rulemaking Docket Matter No. 027

Dear Sirs

We refer to your request for public comment on the proposed amendment to PCAOB Rule 4003 (PCAOB Release No. 2008-007, December 4, 2008). The Swiss Federal Audit Oversight Authority (hereafter referred to as 'FAOA') welcomes the opportunity to comment on the proposed amendment.

General remarks

The FAOA shares the U.S. view that a strong and independent audit oversight authority is necessary. On September 1, 2007 the Swiss Audit Oversight Act (hereafter referred to as 'AOA') came into force. The AOA aims at assuring the proper performance and quality of audit services and constitutes the formal basis for the activities of the FAOA. It governs in particular the authorization and registration of individuals and companies providing statutory audit services, the oversight of auditors and audit firms of public companies, and international cooperation in the field of audit regulation.

The increasing globalization of the capital markets clearly calls for cooperative relationships between audit oversight authorities. The auditing of the financial statements of an international public company is a cross-border activity in which usually audit teams from a number of countries are involved. An effective public oversight is therefore only possible in close cooperation with the involved national public oversight bodies. One of the main challenges in the field of audit oversight is to ensure that comparable public oversight systems are in place in the various countries, acting along the same principles.

For legal and factual (language, mentality) reasons the FAOA is convinced that the quality of audit services will be most efficiently improved if the inspections are conducted by the competent national oversight body. Consequently, the FAOA believes that principally no inspectors should be sent abroad and that audit oversight bodies should rely on their foreign coun-

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terparts to the largest extent possible. As stated in our comment letter to the draft PCAOB Policy Statement regarding the implementation of PCAOB Rule 4012 (PCAOB Release No. 2007-011, December 5, 2007), dated March 4, 2008, the FAOA understands that this final objective can only be reached if there is enough confidence in the quality and independence of the counterpart oversight entities. From this perspective, joint inspections are useful, but must be limited to a transitional period.

Following the above, the FAOA expressed its willingness to allow joint inspections in Switzerland in its letter dated March 4, 2008. It made this offer under the condition however, that a bilateral agreement be concluded in order to create a legal framework for such inspections. The FAOA and the PCAOB are currently negotiating a Statement of Protocol with a view of conducting joint inspections in Switzerland in 2009.

A. Proposed amendments to PCAOB Rule 4003

a. Extension of deadline for certain 2008 inspections

The FAOA had basically no objections to conducting joint inspections in Switzerland in 2008. However, the FAOA inspections schedules for 2008 did not coincide with the PCAOB inspection schedule, and the efforts to negotiate a Statement of Protocol could not be completed in 2008. Negotiations are ongoing, and the FAOA is confident that in 2009, the PCAOB and the FAOA will be able to jointly inspect the audit firms that were to be inspected by the end of 2008. The extension of the deadline for up to one year is therefore appropriate and will allow both authorities to carefully prepare the inspections.

b. Proposed extension of deadline for some 2009 inspections

In the light of the reasons stated above, and under the condition that joint inspections are considered a transitional measure, the FAOA supports the proposed extension of the deadline for some 2009 inspections until no later than 2012. The FAOA understands that the schedule of inspections for 2009 to 2012 will depend on the U.S. market capitalization of firms' issuer audit clients. The FAOA proposes to make this inspection schedule public as soon as possible so that the home authorities and the firms can assess when they have to expect a joint inspection.

c. Transparency concerning delayed inspections

The FAOA welcomes a web-based up-to-date list on the firms that have not yet run through their first PCAOB inspection. In order to avoid any misinterpretation however, the FAOA proposes an indication, for each individual firm, of the reason why a due inspection was postponed.


d. Registered firms' obligations

As stated above, and also due to sovereignty rules, joint inspections on Swiss territory depend on the prior conclusion of a bilateral agreement between the PCAOB and the FAOA. We are confident that a Statement of Protocol will be concluded soon. We therefore do not expect sanctions to come into consideration as regards Swiss firms.

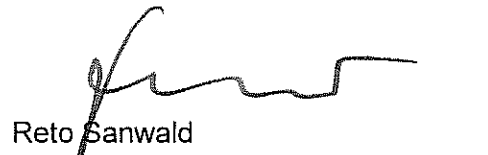
Please do not hesitate to contact us if you have any questions on the above. We kindly ask you to consider the FAOA's concerns as noted above, and we look forward to a constructive cooperation with the PCAOB.

Kind regards

Federal Audit Oversight Authority FAOA



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Director



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