

Ms. Elizabeth M. Murphy  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

**RE: Public Company Accounting Oversight Board; Notice of Filing of Proposed Amendment to Board Rules Relating to Inspections- File Number PCAOB-2008-06**

Dear Ms. Murphy:

PricewaterhouseCoopers is pleased to comment on the above-referenced Proposed Rule Amendment to PCAOB ("PCAOB or Board") Rules relating to inspections by the Securities and Exchange Commission ("the Commission"). We are responding on behalf of the network member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

As we commented in our letter of 2 February 2009 on *PCAOB Rulemaking Docket No. 27, PCAOB Release No. 2008-007, Rule Amendments Concerning the Timing of Certain Inspections of Non-US Firms, and other issues relating to the Inspections of Non-US Firms*, the oversight and inspection of auditing firms are important elements in maintaining public trust and confidence in financial reporting. We acknowledge the need for the PCAOB to faithfully carry out the legislative mandate for inspection of audit firms as set forth in the Sarbanes-Oxley Act of 2002 ("the Act").

We accept the PCAOB's reasons for proposing to extend for one year the deadline for first board inspections due in 2008 with respect to any foreign registered public accounting firm, and the need to adjust the frequency requirements as provided in the Act. We also acknowledge the PCAOB's recognition that inspections of non-U.S. firms pose special issues and that the Board seeks, to the extent reasonably possible, to coordinate and cooperate with local authorities particularly as, since the Board began its operations in 2003, an increasing number of jurisdictions have developed their own auditor oversight authorities with inspection responsibilities or have enhanced their existing oversight systems.



The Board has a structure in place for working in cooperation with non-U.S. counterparts in the conduct of joint inspections and, to the extent deemed appropriate by the Board, relying on the inspection work carried out by the counterpart oversight authority. We consider that reliance on those auditor oversight authorities to conduct inspections is the most appropriate approach going forward, particularly in cases where the Board's ability to conduct inspections, either jointly with a local oversight body or on its own, is challenging. However, where full reliance is not possible we acknowledge the need for the Board to undertake joint inspections.

As the Commission rightly acknowledges, efforts to resolve potential conflicts of law or sovereignty concerns can be substantial. The Board has also acknowledged on numerous occasions that the laws of other countries can and do introduce impediments to the inspection of non-U.S. firms. In *PCAOB Release No. 2004-005, Final Rules Relating to the Oversight of Non-U.S. Public Accounting Firms* (June 9, 2004), and again in *PCAOB Release No. 2007-011, Request for Public Comment on Proposed Policy Statement: Guidance Regarding Implementation of PCAOB Rule 4012* (5 December, 2007), however, the Board has its belief that most conflicts of law can be resolved through an approach in which the Board works with the non-U.S. regulator or through the use of special procedures such as voluntary consents and waivers.

We do not believe that all such conflicts can be successfully resolved particularly where a country's regulatory, judicial and/or legal system does not permit foreign entities to conduct inspections of local audit firms under any circumstances because of sovereignty issues or because of inflexible rules prohibiting disclosure of client information and other confidential information to third parties. Such laws or decrees cannot be surmounted by any administrative process. Similarly, there are jurisdictions where the legal framework is not explicit, but government officials with pertinent legal authority do not authorize inspections to take place. Despite rigorous efforts by a firm in that country, consent for inspection is denied by those government officials. In either case, the threat exists of consequences for firms who violate the law and provide information to the PCAOB inspection teams, including significant penalties, loss of practicing licenses and criminal sanctions, resulting in imprisonment.

We support the mandate rooted in the Act and the obligation for all firms registered with the PCAOB to cooperate with inspections as permitted by their local laws. The PCAOB's original registration process reflected this understanding. In countries where there are national laws or where the exercise of governmental authority under the law prevents a firm from providing information to the PCAOB necessary to conduct the inspection, every firm in these countries is subject to the same prohibitions. No firm would likely be able to participate in a PCAOB inspection as they would subject themselves to legal consequence in their home-country. This would have the result that foreign private issuers from such countries, through no fault of their own, would be unable to meet their U.S. statutory obligation to provide audited financial statements, and would therefore be unable to maintain registration of their securities in U.S. We do not consider that this result is in the best interests of the investors who hold those securities.



We would be pleased to discuss our comments with you. If you have any questions regarding this letter, please contact Peter L. Wyman at +44 20 7213 4777 or Kenneth R. Chatelain at 202 312 7740.

Sincerely,

A handwritten signature in cursive script that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers