

China Securities Regulatory Commission

CSRC 中国 证 券 监 督 管 理 委 员 会

Focus Place, 19 Jin Rong Street, Xi Cheng District, Beijing, P. R. China 100140

中国北京西城区金融大街 19 号富凯大厦, 邮编: 100140

Tel: (86)10 66210205 Fax: (86)10 66210206

Securities and Exchange Commission

100 F Street, NE, Washington, DC 20549-1090

U.S.A.

May 15, 2009

RE: Public Company Accounting Oversight Board; Notice of Filing of
Proposed Amendment to Board Rules Relating to Inspection
(File No. PCAOB-2008-06)

Dear Sir or Madam,

We have taken note that the U.S. Securities and Exchange Commission (SEC) published a notice on April 20 2009, entitled “*Public Company Accounting Oversight Board; Notice of Filing of Proposed Amendment to Board Rules Relating to Inspection*” (Release No. 34-59792; File No. PCAOB-2008-06), aiming to solicit comments. China Securities Regulatory Commission (CSRC) is highly concerned of the related amendment, and hereby submits comments as follows:

We believe the fundamental challenge the Public Company Accounting Oversight Board (PCAOB) faces in cross-border inspection does not lie in the timing of such inspections, but in the fact that PCAOB attempts to take actions on a unilateral basis.

Our position remains unchanged, i.e. cross-border inspection must abide by the principles of respecting mutual sovereignty and cooperating as equals. Given that the SEC and the CSRC signed the *Memorandum of Understanding regarding Securities Regulatory Cooperation* in 1994 and *Terms of Reference for Cooperation and Collaboration* in 2006, there already exists sound platform and mechanism of cooperation between regulators of our two countries. To address the challenges of cross-border inspection which are brought up by listing of public companies in host jurisdictions, the SEC and the CSRC should work together as equals under the existing framework for regulatory cooperation. Therefore, the oversight of Chinese accounting firms should fully rely on the work of the CSRC.

Mandated by the *Securities Law of People’s Republic of China*, the CSRC oversees accounting firms with securities and futures business license(s), its responsibilities including: licensing, on-site inspection, investigation of irregularities and malfeasances and meting out of punishment etc.

China Securities Regulatory Commission

CSRC 中国 证 券 监 督 管 理 委 员 会

Focus Place, 19 Jin Rong Street, Xi Cheng District, Beijing, P. R. China 100140

中国北京西城区金融大街 19 号富凯大厦, 邮编: 100140

Tel: (86)10 66210205 Fax: (86)10 66210206

We are strongly opposed to PCAOB's inspection on any Chinese accounting firm before any consensus has been reached between China and the US.

Similar standing has been stated explicitly in our response to the PCAOB release entitled *Rule Amendments Concerning the Timing of Certain Inspections of Non-U.S. Firms, And Other Issues Relating to Inspections of Non-U.S. Firms* (PCAOB Rulemaking Docket Matter No.027). A copy of the same statement from the CSRC is enclosed for your reference.

We would appreciate it that our concerns and views be taken seriously. We look forward to continuing the close communication and cooperation between the SEC and the CSRC, and working together to safeguard cross-border financial activities between our two countries.



Dr. TONG Daochi
Director-General
Department of International Affairs