

20 April 2005

Mr. Jonathan G Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549-0609
USA

By Email: Rule-comments@sec.gov

Dear Mr. Katz,

The enactment of the SOX Act in August 2002 presented an opportunity to further strengthen tsmc's internal controls over financial reporting and demonstrate tsmc's strong corporate governance values. tsmc was the first public listed company in Taiwan to adopt SEC and NYSE rules for independent board and audit committee members.

Public discussions to date have generally called for additional guidance on standards for evaluating internal control matters and thus shall not be repeated in this communication. I outline below three proposed recommendations to the SOX rules and interpretations, which if promulgated, may potentially benefit regulatory bodies, domestic as well as foreign private issuers and accountants in their respective roles to improve investors' confidence in the capital markets.

1. Impose public accounting firms strict disciplines to assess potential users of audited financial statements when assessing audit risk. External auditors have a due care to all significant users of financial statement users and should ensure that, when adopting GAAP and PCAOB rules, audited financial statements are aligned with the economic (liquidity and profitability) situations of the entity or group of the entities subject to attestation.
2. Relax independence rules in order to retain and attract well-rounded accounting professionals in the public and private sectors.
3. Perhaps a long way from realization, most corporations would wish for a significant harmonization of regulatory standards for corporate governance and internal controls of financial reporting amongst major industrial countries (G-7); tsmc, even domiciled in an emerging country, would achieve significant cost savings if it was able to streamline its compliance efforts.

We thank the SEC for the opportunity to provide comments on means to embrace and implement the intended spirits of the SOX rules.

Yours Sincerely,

Lora Ho

Vice President & CFO

Taiwan Semiconductor Manufacturing Company, Ltd.

No.8 Li-Hsin 6th Rd. Science Park Hsin-Chu, Taiwan, R.O.C.