(on tsmc letterhead)

25 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

Subject: File Number 4-497

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. We firmly believe strong internal controls over financial reporting form a key cornerstone to provide values to tsmc's shareholders, employees, and the public constituencies.

Public discussions to date have generally called for additional guidance on standards for evaluating internal control matters and, thus, will not be repeated in this communication. I outline below five 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 on public accounting firms strict discipline to assess potential users of audited financial statements when assessing audit risk. External auditors have a duty of 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. There is an acute shortage of qualified auditors who demonstrate sound knowledge of risk base approach to communicating material findings and proposed recommendations to resolve the control weaknesses identified.
3. Harmonize regulatory standards for corporate governance and internal controls of financial reporting amongst major industrial countries (G-7). The SEC may wish to consider opportunities to recognize enforcement efforts of home country rules. Tsmc, even domiciled in an emerging country, would achieve significant cost savings if it were able to streamline its compliance effort in accordance with one set of rules.
4. Encourage accountants and companies to engage a common sense approach in determining the concept of "materiality". We recognize that "materiality" or "significant deficiency" vary according to the company's size, profitability, its corporate structure as well the industry and lifecycle it operates under. Nonetheless current audit standards applied by accountants appear to

place too much discretion on external auditors' judgment which may lead to unnecessary resource commitments for SOX purposes for which audit standards are substantially lower than "materiality" under U.S. securities laws. Further definition or clarification especially to remove ambiguities would be most useful. We believe that this and other areas have increased significantly 404 compliance costs.

5. In order to avoid inefficiencies and significant costs, to allow external auditors to place greater reliance on management's efforts in its self-assessment of the Company's internal and IT functions once basic thresholds have been agreed and established with its external auditor.

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 and Chief Financial Officer
Taiwan Semiconductor Manufacturing Company, Ltd.