

June 6, 2012

John Grewe
Professional Oversight Board
Financial Reporting Council
5th Floor
Aldwych House
71-91 Aldwych
London WC2B 4HN

Re: *Request for comment on Monitoring the Work of Third Country Auditors*

Dear Mr. Grewe:

This letter is submitted on behalf of Deloitte Touche Tohmatsu Limited (“DTTL”) and member firms of Deloitte Touche Tohmatsu Limited in response to the request of the Professional Oversight Board (“POB”) for comment on its consultation document, *Monitoring the Work of Third Country Auditors* (the “Proposal”). The Proposal sets forth the POB’s proposed overall approach and provides a framework for monitoring the audit work of third country auditors.

We support the POB’s continued efforts to implement the European Commission’s Eighth Company Law Directive on Statutory Audit (“SAD”) and related Decisions, particularly with regard to the regulation of auditors of non-European Union companies that have issued securities admitted to trading on European Union-regulated markets. We appreciate the POB’s efforts to address the regulatory oversight of such third country auditors, including the continued coordination and cooperation between regulators in the member states and regulators of third country auditors.

We generally support the Proposal and the POB’s overall approach to reliance on the work of regulators and other parties outside of the United Kingdom (UK), including, where appropriate, reliance upon inspection processes and findings. Provided below are observations on what we believe to be certain of the more significant aspects of the Proposal.

I. “Article 45” Auditors

The Proposal states that the POB seeks to apply a system of external monitoring that is proportionate to the significance of the relevant issuers for those third country auditors that have not been provided “equivalent” or “transitional” status by way of the European Commission’s Decision of January 2011 (“Article 45 Auditors”). We generally support the Proposal’s approach for Article 45 Auditors, including the four elements presented in Section 3.2 of the Proposal. In this regard, with respect to Section 3.3 of the Proposal, we support the POB’s flexible approach to monitoring a specific firm (or a specific group of firms in a particular country), and the use of a cost benefit analysis that

includes potential reliance on a third country regulator, as well as on a global network firm's quality assurance processes, based, in part, on the significance for investors in UK regulated markets of the third country issuers being audited.

In Section 3.3 of the Proposal, the POB also states that its first preference is to rely on the quality assurance review performed by another independent audit regulator. We support such reliance, and to the extent the POB does not already intend to do so, we encourage it to timely notify the affected audit firm of the regulator on whose monitoring efforts the POB intends to rely, in order to enhance the transparency of the external monitoring process.

In addition, the Proposal states that the POB intends to test its approach to monitoring the audit work of Article 45 Auditors and then adjust the approach based on its experiences. We look forward to working with the POB in its efforts in this regard.

II. "Equivalent" Auditors

For those third country auditors from countries that have been deemed "equivalent" by the European Commission's Decision of January 2011 ("Equivalent Auditors"), the Proposal states that the POB seeks to apply a two-pronged system of external monitoring.

First, where a regulator in a third country deemed equivalent does not seek to inspect UK audit firms, the POB would not inspect the Equivalent Auditor, but would rely on the external monitoring system of the third country regulator, with exchange of information and subject to confirming the position of the relevant regulators that they will not undertake external monitoring of UK audit firms. We support the Proposal's approach to disapply, on the basis of reciprocity, the requirement to monitor the Equivalent Auditors, as it is consistent with tenets of Article 46 of the SAD. It also facilitates the efforts to increase cooperation and reliance among audit oversight regulators that monitor public company auditing generally, and we encourage the continued efforts of the POB and audit regulators from third countries deemed equivalent to forge cooperative arrangements for the appropriate sharing of information.

Second, the Proposal indicates that where the regulator in a third country conducts external monitoring of audit firms domiciled in the UK, the reciprocity condition is not met and Equivalent Auditors from those countries¹ will be subject to a system of quality assurance. Further, the Proposal states that the POB would follow broadly the same overall principle as does the Public Company Accounting Oversight Board ("PCAOB"). That is, the POB would rely, to the extent it deems appropriate, on the PCAOB's inspections of the relevant audit firms from the U.S. using the approach outlined in the Proposal. We support this approach, particularly given the efficiency and consistency that flows from cooperation and reliance among regulators, and would encourage the POB to rely to the maximum extent possible upon the work of third country regulators.

¹ We understand that currently the POB's proposal applies only to firms from the United States.

As similarly mentioned above, we encourage the POB, to the extent it does not already intend to do so, to timely notify the affected audit firm of the regulator on whose monitoring efforts the POB intends to rely, in order to enhance the transparency of the external monitoring process.

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We appreciate the opportunity to comment on the Proposal. If you have any questions concerning our comments, please contact Travis Gilmer (+1 202 378 5112) or Jens Simonsen (+45 3610 3781).

Yours very truly,

Deloitte Touche Tohmatsu Limited

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