



BASEL COMMITTEE ON BANKING SUPERVISION

BANK FOR INTERNATIONAL SETTLEMENTS

Chairman

Via email: AuditorTransparency@iosco.org

Mr Greg Tanzer
Secretary General
IOSCO General Secretariat
Calle Oquendo 12
28006 Madrid
Spain

14 January 2010

Public Comment on the consultation report "Transparency of Firms that Audit Public Companies"

Dear Mr Tanzer

The Basel Committee welcomes the opportunity to provide a general comment on IOSCO's consultation report *Transparency of Firms that Audit Public Companies*.

The Committee has a strong interest in high-quality audits of published financial statements. This is because high-quality audits of banks complement supervisory processes and increase supervisory efficiency. This notion has been firmly established in our paper, *External audit quality and banking supervision*, which was published in December 2008.

The Committee's *External audit* paper recognises that the vast majority of banking assets are audited by the four largest globally active accounting firms. It notes "*The large globally active firms do not provide sufficient public information about how the firms are managed on a global basis, how audit quality is assured at the global level, or about their world-wide overall financial condition and profitability.*"¹

Understanding how globally active accounting firms are governed is necessary to ensure that there is sufficient audit quality maintained in these organisations' that audit banks.

The Committee, therefore, welcome your consultative report on transparency of firms that audit public companies, and looks forward to seeing the results of the consultation. We believe it would also be mutually beneficial for the audit sub-groups of the Basel Committee and IOSCO to meet and discuss the results of the consultation and other audit quality issues of common interest.

¹ *External audit quality and banking supervision*, page 14. This report is available at www.bis.org/publ/bcbs146.htm.

This letter has been prepared by the Committee's Accounting Task Force, chaired by Mrs Sylvie Mathérat, Director of the Banque de France, and has been approved by the Committee. If you have any questions regarding this letter, please feel free to contact Mrs Mathérat (+33 1 4292 6579), Marc Pickeur who chairs the Audit Subgroup of the Accounting Task Force (+32 2 220 5253) or Rob Sharma at the Basel Committee Secretariat (+41 61 280 8007).

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Nout Wellink', with a large initial 'N' and a long, flowing horizontal stroke.

Nout Wellink