



## U.S. and Chinese Regulators Meet in Beijing on Audit Oversight Cooperation

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*Washington, D.C., Aug. 8, 2011* – The Sino-U.S. Symposium on Audit Oversight was held in Beijing on July 11-12, 2011. In attendance were officials from the U.S. Securities and Exchange Commission, U.S. Public Company Accounting Oversight Board (PCAOB), China Securities Regulatory Commission (CSRC), and Chinese Ministry of Finance (MOF). The symposium, which was contemplated by the outcomes of the third U.S.-China Strategic and Economic Dialogue (S&ED), represented an important step toward Sino-U.S. cooperation on audit oversight of public companies. At the symposium, the officials briefed each other on their respective audit oversight system and inspection procedures. They also exchanged views on how to deepen cooperation on cross-border audit oversight.

### Additional Materials

➤ [Mandarin Chinese version](#)

CSRC Chairman Shang Fulin met with the SEC-PCAOB delegation headed by PCAOB Board Member Lewis Ferguson and SEC Deputy Chief Accountant Mike Starr prior to the symposium. "The CSRC and MOF welcome constant communication and good cooperation with both the SEC and PCAOB. The regulators of both countries share common objectives in protecting investors' rights and interests, raising the quality of accounting and auditing standards, and improving the transparency and disclosure of public companies. Therefore, the regulators of both countries should enhance cooperation on the basis of mutual trust and respect," said Chairman Shang.

The U.S. delegation brought Chairman Shang a letter from PCAOB Chairman James R. Doty, who stated his sincere hope for constructive discussions in Beijing and for enhanced cooperation between China and the U.S. on cross-border audit oversight in the near future. "The development of an effective cross-border oversight system is essential to market integrity and investor protection, and the PCAOB and CSRC share a common goal of promoting fair, open, and sound markets," Chairman Doty wrote in the letter.

Mr. Ferguson said, "Our delegates are willing to share with our Chinese counterparts the PCAOB inspection approaches as well as our practices in joint cross-border audit oversight. In return, the U.S. delegation expects to learn more, through future exchanges, about the methodology and practices of accounting and audit oversight in China." As an outcome reached during the third U.S.-China Strategic and Economic Dialogue, both sides welcome continued dialogue concerning the oversight of accounting firms providing audit services to public companies in the two countries, so as to enhance mutual trust and strive to reach an agreement on cross-border audit oversight.

During the two-day symposium, the PCAOB representatives gave detailed presentations on the background and organizational structure of the PCAOB, and its inspection process. With input from the SEC delegation, including

officials from the SEC's Office of International Affairs, the PCAOB explained how it works with foreign regulators on cross-border audit oversight cooperation. Senior officials from the CSRC and the MOF provided an overview of the auditing and accounting oversight framework governing China's capital markets, supervision arrangements, and inspection methodology and process for accounting and auditing firms. Through candid discussions, the two sides enhanced mutual understanding, and discussed initial arrangements for follow-up collaboration.

The two sides discussed a series of arrangements aiming to build mutual understanding and cooperation in the near future, including sending staff to observe the inspection of accounting firms in each other's jurisdiction to learn more about each other's inspection process and methodology. The U.S. delegation invited the CSRC and the MOF to send delegates to Washington, D.C. to have further discussions on the topics of common concern. Such trust and confidence-building exercises are helpful for both sides to fulfill their respective mandates.

The parties believe that strengthened cooperation on audit oversight is an important part in implementing the S&ED outcomes. The symposium was very productive and served as a first step toward deeper cooperation. The parties share the view that increasing cooperation on cross-border audit oversight will help improve the quality of auditing and accounting information of public companies, protect the rights of investors, and assist in safeguarding of financial markets in both countries.

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