

First, I would like to thank the FEE for this opportunity for regulators like us to participate at such an important conference.

The publication of the 8th Directive and creation of public supervision systems by most Member States makes it useful for us to have exchanges on ongoing regulation of the profession.

Before I say a few words on the subject of cooperation between regulators, I would just like to say that my comments today derive from personal views and experiences as H3C Secretary General and member of the EGAOB.

Let me first recall the tasks of the H3C over all statutory auditors on French jurisdiction:

The H3C, which is composed of a majority of non-practitioners, has two main tasks in its oversight role upon its creation in August 2003 i.e. supervising the profession with the assistance of the CNCC, and ensuring compliance with the rules of professional ethics and good conduct, and their independence. To accomplish these, the H3C has the responsibility of:

- i) identifying and promoting good professional practices and good conduct;
- ii) issuing opinions on auditing standards and on the Professional Code of Ethics;
- iii) (regarding periodic inspections,) by defining the framework, orientation and methods, supervising their implementation, ensuring the proper conduct of these inspections and their follow-up;
- iv) establishing and maintaining continuous relations with its non-French counterparts; and
- v) acting as the appellate authority for decisions taken on registration and disciplinary matters.

As you know, the creation of the H3C was a response to audit issues and the impact of the audit in terms of financial security, and in foresight of the 8th Company Law Directive.

Amongst the responsibilities of the H3C,

One of the first priorities for us in the beginning of 2004 was the establishment of a relationship with the PCAOB in a context that I would like to bring back to mind

French auditors who wanted to operate for companies that fell under the scope of the Sarbanes-Oxley Act were faced with the legal conflict of violating national laws in order to comply with the rules of the PCAOB.

In this aspect, the H3C met with the PCAOB and later gave its support to the legal opinion for registration which was provided by the profession and the French government.

These successful exchanges facilitated the registration of French auditors with PCAOB, and it was in this context that our relationship began.

The next step after this first common issue was to work on the perspective of bilateral working arrangements on our respective quality assurance systems as the PCAOB has the statutory task to put in place an inspection programme which includes non-US auditors.

We have conducted discussions and had regular meetings which have allowed each other to obtain a better understanding of our respective quality assurance systems.

We are continuing with this process in the aim of seeking practical modalities for working arrangements.

To reach this goal, we will still need to work on the inspection methodology and the issues of professional secrecy and personal data, which are issues of deep concern for the profession and for regulators, and necessary in order to obtain a sufficient level of confidence regarding each other's systems.

Here, I would like to bring to attention the changes in context since we began bilateral discussions:

Indeed, in comparison with the previous year, our task today regarding bilateral discussions is now placed in a new framework: the 8th Company Law Directive.

By the publication of the 8th Directive and through the creation of the European Group of Audit Oversight Bodies (EAOB), the work carried out so far by this Group under the responsibility of the European Commission has helped us to have a clearer vision on certain modalities regarding cooperation.

In particular, work carried out on topics such as registration, quality assurance system and its consequences in terms of inspections, the concept of equivalence and its concrete application, the definition of audit working papers, the modalities for the transfer of personal data under Article 47, are all, in my view, very relevant

to advance in cooperation, not only within EU but also with third countries, and in the framework of bilateral discussions.

This new context has given a new benchmark and facilitates coordination and convergence in views on the subject of cooperation.

And I think we would need to have a common approach on matters of cooperation under the framework of the 8th Directive.

It is my belief that it is also an expectation of the profession to reach such a convergence in cooperation which might achieve better regulation.