

MEDIA RELEASE



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organização Internacional das Comissões de Valores
Organización Internacional de Comisiones de Valores

IOSCO/MR/005/2008

Paris, 27 May 2008

IOSCO to expand review of audit services issues; releases report on regulators' contingency plans for service disruption

The Audit Services Task Force of the IOSCO Technical Committee, under the direction of U.S. Securities and Exchange Commission Chairman Christopher Cox, Chairman of the IOSCO Audit Services Task Force and incoming Chairman of the IOSCO Technical Committee, announced today its agenda for the coming months.

The Task Force will expand the scope of its work to include a number of audit services-related issues. Specifically, the Task Force will focus on the following audit related issues:

- Transparency and governance of audit firms, including the intersection of governance with both firm viability and audit quality;
- The scope of audit reports, including varying levels of assurance in different circumstances, the possibility of enhanced disclosure of the bases for different levels of assurance, and the potential role of joint audits; and
- Potential expansion of allowable organizational structures and forms to allow for greater firm viability and industry competition.

The Task Force, comprised of securities regulators from around the globe, is focusing on these audit related issues from an investor protection perspective.

Coincident with the determination of its agenda for the coming months, the [Task Force released today a paper](#) intended to assist IOSCO members in considering and preparing for potential contingencies

MEDIA RELEASE



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organização Internacional das Comissões de Valores
Organización Internacional de Comisiones de Valores

involving audit firms that may affect the delivery of audit services in the global capital markets.

The paper was prepared as part of the Task Force's ongoing work on audit-related issues. It presents a collection of information about issues and experiences encountered in past events and conditions that affected the auditing of financial statements of public companies. This information is meant to help regulators anticipate and prepare for unforeseen events and conditions that may affect the delivery of audit services in the capital markets.

The paper sets forth suggested matters for consideration, rather than specific principles or prescriptions, as the legal frameworks, powers and responsibilities of securities regulators differ among IOSCO member jurisdictions. The Task Force acknowledges that in some jurisdictions, the securities regulator has few or no responsibilities regarding auditor oversight. For this reason, the paper does not intend to make suggestions on the allocation of auditor oversight responsibilities on the national level; rather, it addresses securities regulators only so far as they have a role in auditor oversight.

The paper proceeds from the premise that while the individual facts and circumstances of each contingency situation will be unique and will necessitate a plan tailored to that event or condition, the use of preplanning and preventive measures can help reduce the risk of a crisis and can also facilitate speed and effectiveness in response if a crisis arises. In this regard, the paper sets forth suggestions securities regulators might consider in four key areas:

- **Contingency planning:** As the independent audit function is a contributor to investor confidence in the capital markets, regulators can seek to minimize potential disruptions and thereby support confidence in the markets by anticipating issues and conditions that may arise and forming contingency plans.
- **Planning and preventive measures:** Informed dialogues in advance of crisis situations can raise awareness of risks and factors that contribute to occurrences of crises, thereby encouraging all

MEDIA RELEASE



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organizaç o Internacional das Comiss es de Valores
Organizaci n Internacional de Comisiones de Valores

stakeholders to take preventative action.

- **Crisis management** The timely development and execution of action plans and the provision of relevant and timely information to others, with due regard for confidentiality obligations, enables securities regulators with responsibility for auditor oversight to act more effectively during times of crisis.
- **Communications and confidentiality:** The establishment of communications protocols before a crisis arises may help alleviate the problems that would otherwise impede the sharing of critical information in real time.

Concerning the report released today, Christopher Cox, Chairman of the Technical Committee and the Task Force, said:

“A crisis involving a major audit firm in one jurisdiction may quickly create repercussions throughout the global marketplace. As a result, regulators that have been given authority to oversee auditors must anticipate and prepare for events and conditions that may affect the delivery of audit services in the capital markets. The factors identified in the contingency planning paper will assist regulators as they prepare for these contingencies, and help to minimize the effects of any such crisis that should occur in the future. The paper also underscores the importance of international cooperation among regulators in these circumstances.”

MEDIA RELEASE



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organização Internacional das Comissões de Valores
Organización Internacional de Comisiones de Valores

NOTES FOR EDITORS

1. IOSCO is recognized as the leading international policy forum for securities regulators. The organization's wide membership regulates more than 90% of the world's securities markets and IOSCO is the world's most important international cooperative forum for securities regulatory agencies. IOSCO members regulate more than one hundred jurisdictions and the Organization's membership is steadily growing.
2. The [Technical Committee](#), a specialised working group established by IOSCO's Executive Committee, is made up of fifteen agencies that regulate some of the world's larger, more developed and internationalized markets. Its objective is to review major regulatory issues related to international securities and futures transactions and to coordinate practical responses to these concerns. Mr. Michel Prada, Chairman of the Autorité des Marchés Financiers (AMF) of France, currently acts as Chairman of the Technical Committee. The members of the IOSCO Technical Committee are: the Australian Securities and Investments Commission; Autorité des Marchés Financiers, France; Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Germany; Commissione Nazionale per la Società e la Borsa, Italy; Securities and Futures Commission, Hong Kong; Financial Services Agency, Japan; Comisión Nacional Bancaria y de Valores, Mexico; Autoriteit Financiële Markten, the Netherlands; Securities Commission, Ontario; Autorité des Marchés Financiers, Quebec; Comisión Nacional del Mercado de Valores, Spain; Commission Fédérale des Banques, Switzerland; Financial Services Authority, United Kingdom; Securities and Exchange Commission, United States and; Commodity Futures Trading Commission, United States.
3. IOSCO aims through its permanent structures:
 - to cooperate together to promote high standards of regulation in order to maintain just, efficient and sound markets;
 - to exchange information on their respective experiences in order to promote the development of domestic markets;
 - to unite their efforts to establish standards and an effective surveillance of international securities transactions;
 - to provide mutual assistance to promote the integrity of the markets by a rigorous application of the standards and by effective enforcement against offenses.

MEDIA ENQUIRIES

David Cliffe + 34 679 969 004
Email: d.cliffe@iosco.org

MEDIA RELEASE



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organização Internacional das Comissões de Valores
Organización Internacional de Comisiones de Valores

OTHER ENQUIRIES

Ethiopsis Tafara + 1 202 551 6690
Email tafarae@sec.gov

Website: www.iosco.org