
Frequently Asked Questions
The Issuer Accounting Support Fee and the Funding Process

These frequently asked questions (“FAQs”) set forth the Public Company Accounting Oversight Board’s (“PCAOB” or “Board”) staff’s views on issues related to the implementation of the PCAOB funding rules as they relate to issuers. The statements contained in these FAQs are not rules of the Board, nor have they been approved by the Board.

If you have a question related to the issuer accounting support fee and/or the funding process that is not addressed in these FAQs, please contact the PCAOB staff by phone at 1-202-207-9294 (Business Days: 9:00 a.m. to 5:00 p.m. ET) or by email at Billing@pcaobus.org.

- **General FAQs**
- **Outstanding Balance Status FAQs**

General FAQs

1. Where can I find the PCAOB’s funding rules?

The PCAOB’s funding rules are in Section 7 of the PCAOB’s Rules and are available at http://pcaobus.org/Rules/PCAOBRules/Pages/Section_7.aspx.

2. Which issuers are assessed shares of the PCAOB and Financial Accounting Standards Board (“FASB”)^{1/} issuer accounting support fees greater than \$0?

All issuers, as that term is defined in Section 2(a)(7) of the Sarbanes-Oxley Act of 2002, as amended (the “Act”), as of the date the allocation of the annual PCAOB and FASB issuer accounting support fees is calculated for an applicable year (the “Calculation Date”),^{2/} are subject to the issuer accounting support fees for that year. Generally, Equity Issuers and Investment Company Issuers, as defined below, are assessed shares of the issuer accounting support fees greater than \$0:

- **Equity Issuers:** Issuers with average, monthly equity market capitalization during the preceding calendar year of greater than \$75 million based on all classes of common equity that trade in the U.S. and whose share price is publicly available on a monthly or more frequent basis.

^{1/} As contemplated in Section 109(e) of the Sarbanes-Oxley Act of 2002, as amended, the Financial Accounting Foundation has designated the PCAOB as its collection agent for the purpose of assessing and collecting the FASB accounting support fee.

^{2/} The Calculation Date for an applicable year can be found on each invoice for an assessed share of the accounting support fees.

- **Investment Company Issuers:** Issuers registered under Section 8 of the Investment Company Act of 1940 or issuers that have elected to be regulated as business development companies pursuant to Section 54 of the Investment Company Act of 1940 with average, monthly market capitalization or net asset value during the preceding calendar year of greater than \$500 million and whose share price (or net asset value) is publicly available on a monthly or more frequent basis. With respect to an Investment Company Issuer whose securities are not traded on a national securities exchange or whose share price is not otherwise publicly available, the issuer's net asset value is used to calculate the issuer's fees.

The Board uses market capitalization and net asset value information from nationally-recognized market data sources.

For further information, see PCAOB Rules 7101 and 7103.

3. How are an issuer's shares of the PCAOB and FASB issuer accounting support fees calculated?

Pursuant to PCAOB Rule 7101(b), Equity Issuers and Investment Company Issuers are allocated shares of the PCAOB and FASB issuer accounting support fees based on their relative average, monthly market capitalizations. An issuer's share is calculated by dividing its average, monthly market capitalization during the preceding calendar year by the sum of the average, monthly market capitalizations of all Equity Issuers and Investment Company Issuers during the preceding calendar year. For the purposes of this allocation, however, the average, monthly market capitalization of an Investment Company Issuer will be 10 percent of the Investment Company Issuer's average, monthly market capitalization or net asset value.

4. If my company's market capitalization increased or decreased in the preceding calendar year from the previous calendar year, should its shares of the PCAOB and FASB issuer accounting support fees correspondingly increase or decrease?

Not necessarily. An issuer's shares of the issuer accounting support fees are a portion of the annual accounting support fees approved by the U.S. Securities and Exchange Commission ("SEC" or "Commission"). As explained in FAQ #3, an issuer's shares of the issuer accounting support fees are based on its average, monthly market capitalization during the preceding calendar year *relative* to the total average, monthly market capitalization of all Equity Issuers and Investment Company Issuers. Therefore, if other Equity Issuers and Investment Company Issuers also experienced a change in their market capitalizations, resulting in a higher or lower total average, monthly market capitalization of all issuers, an issuer's shares of the issuer accounting support fees may increase, decrease, or remain the same. As a result, some issuers' shares of the accounting support fees may have changed even though their market capitalizations were substantially similar between calendar years.

5. How can my company dispute its shares of the PCAOB and FASB issuer accounting support fees?

If an issuer disagrees with the class, as defined in PCAOB Rule 7101(a), in which it was placed for billing purposes, or with the calculation by which its shares of the fees were determined, it may petition the Board, pursuant to PCAOB Rule 7103(c), for a correction of its allocated shares. Petitions must: (i) include an explanation of the nature of the claimed mistake in classification or calculation, (ii) be in writing, and (iii) be filed with the Board on or before the 60th day after the initial invoice is sent or within such longer period as the Board allows for good cause shown. The Board will notify the issuer of its decision on the petition in writing. For information regarding how to formally submit a petition, please contact the PCAOB staff by phone (1-202-207-9294) or by email (Billing@pcaobus.org).

6. Does interest accrue if payment is not received when due?

Yes. PCAOB Rule 7104(a) states that “payment shall be due on the 30th day after the invoice is sent” unless the Board directs otherwise. Generally, the invoice date is the date on which the invoice was sent. If payment is not received by the 30th day after the initial invoice is sent, payment shall be deemed past due and interest shall begin to accrue at a rate of 6 percent per annum. See ***Outstanding Balance Status FAQs*** below for further information pertaining to past-due payments.

7. If I believe that the market capitalization information used by the PCAOB to calculate my company’s shares of the issuer accounting support fees is inaccurate, what can I do to have the data corrected?

The PCAOB uses market capitalization and net asset value information from nationally-recognized market data sources to calculate the allocation of the issuer accounting support fees. These market data sources primarily obtain the number of shares outstanding from issuer filings with the SEC.

If you believe that your company’s market capitalization or net asset value information was reported incorrectly by market data sources, please contact the PCAOB at Billing@pcaobus.org. The PCAOB will contact, or suggest that you contact, the market data source from which the PCAOB obtained data concerning your company. Note that, if the market data source corrects any data errors concerning your company and provides the PCAOB with such updated data concerning your company, the PCAOB will recalculate your company’s issuer accounting support fee allocations using the updated data from the market data source.

8. My company became an “issuer” during the preceding calendar year. If it did not have any market capitalization for the months prior to becoming an “issuer,” how will those months be considered when calculating my company’s average, monthly market capitalization?

To calculate an issuer’s average, monthly market capitalization, the PCAOB uses the monthly market capitalization for only those months of the preceding calendar year for which an issuer had shares outstanding and share price data publicly available. Therefore, for some issuers, the average, monthly market capitalization will be based on fewer than 12 months.

9. My company ceased being an “issuer” *after* the Calculation Date of an applicable year. Does my company still have to pay its shares of the PCAOB and FASB issuer accounting support fees assessed in that year?

Yes. Under the PCAOB’s funding rules, if your company meets the definition of “issuer” as of the Calculation Date of an applicable year, your company is subject to the issuer accounting support fees for that year. The fact that your company ceased to be an “issuer” after the Calculation Date of an applicable year does not relieve your company of its responsibility for its shares of the PCAOB and FASB issuer accounting support fees assessed in that year.

10. My company ceased being an “issuer” *before* the Calculation Date of an applicable year. Does my company still have to pay its shares of the PCAOB and FASB issuer accounting support fees assessed in that year?

No. Under the PCAOB’s funding rules, if your company does not meet the definition of “issuer” as of the Calculation Date of an applicable year, your company is not subject to the PCAOB and FASB issuer accounting support fees assessed in that year. If you believe that your company was not an “issuer” as of the Calculation Date of an applicable year and received invoices, please contact the PCAOB at Billing@pcaobus.org.

11. If a company files periodic reports with the SEC on a voluntary basis, is it an “issuer” under the Act for purposes of allocating the PCAOB and FASB issuer accounting support fees?

No. If a company voluntarily files periodic reports with the SEC, the company is not an “issuer” for purposes of allocating the issuer accounting support fees and will not, therefore, be allocated shares of the issuer accounting support fees. A company that makes periodic filings with the SEC only pursuant to a requirement contained in an indenture agreement would be an example of such a voluntary filer. This situation is distinguished from one in which a company *voluntarily registers* securities under Section 12 of the Securities Exchange Act of 1934. In this situation, the company is required to file periodic reports and is an issuer for purposes of allocating the issuer accounting support fees.

12. If an issuer was subject to the jurisdiction of a bankruptcy court as of the Calculation Date of an applicable year and has determined that it satisfied the modified reporting requirements of *Securities and Exchange Commission Staff Legal Bulletin No. 2* as of that date, must it pay shares of the PCAOB and FASB issuer accounting support fees?

No. Under PCAOB Rule 7101(a)(3), an issuer that was, as of the Calculation Date of an applicable year, subject to the jurisdiction of a bankruptcy court and provided to the PCAOB an opinion of counsel that the issuer satisfied the modified reporting requirements of *Securities and Exchange Commission Staff Legal Bulletin No. 2* (“SLB No. 2”) shall be allocated shares of the issuer accounting support fees equal to \$0. An opinion of counsel relating to this matter should be sent to the PCAOB at Billing@pcaobus.org.

13. For an issuer of “global shares,” will the calculation of the average, monthly market capitalization include all of the global shares outstanding?

Yes. Global shares are a single class of shares registered with the SEC and traded in both the issuer’s home country and in the United States. Accordingly, for each global share issuer, the PCAOB includes all of the issued and outstanding global shares, regardless of where they were actually held or traded, in its calculation of the issuer’s average, monthly market capitalization.

14. For a Canadian issuer, will the average, monthly market capitalization calculation include all of its shares outstanding in both the United States and Canada?

A number of Canadian companies have a single class of equity securities registered with the SEC that are listed for trading in both Canada and the United States. For these issuers, all issued and outstanding shares of the class of equity securities that are listed for trading in the United States — regardless of whether the individual shares within that class were actually held or traded in the United States — are included in the calculation of the average, monthly issuer market capitalization. Accordingly, the PCAOB calculates these issuers’ shares of the PCAOB and FASB issuer accounting support fees based on the total market capitalization of the single class of equity securities.

Outstanding Balance Status FAQs

15. What prohibitions apply to my auditor if my company has an outstanding past-due share of the PCAOB and FASB issuer accounting support fees?

PCAOB Rule 7104(b)(1) provides that a registered public accounting firm is prohibited from (i) signing an unqualified audit opinion with respect to an issuer’s financial statements, (ii) issuing a consent to include an audit opinion issued previously, or (iii) signing a document, report, notice, or other record concerning procedures or controls of any issuer required under the securities laws (collectively, the “auditor services described in PCAOB Rule 7104(b)”) unless the registered public accounting firm has ascertained that the issuer (including any broker or dealer subsidiary of the issuer) has no outstanding past-due share of the PCAOB or FASB issuer accounting support fees or has a petition pursuant to PCAOB Rule 7103(c) pending.

16. Are there any exceptions to the auditor prohibitions under PCAOB Rule 7104(b)?

Yes. There are three exceptions to the auditor prohibitions under PCAOB Rule 7104(b).

First, PCAOB Rule 7103(c) allows an issuer, under certain circumstances, to petition for correction of its allocated shares of the PCAOB and FASB issuer accounting support fees. If an issuer has a petition for correction pending, PCAOB Rule 7104(b)(1) does not prohibit a registered public accounting firm from providing the auditor services described in PCAOB Rule 7104(b).

Second, PCAOB Rule 7104(b)(2) permits a one-time exception if an issuer (or any broker or dealer subsidiary of that issuer) has a past-due share of the accounting support fees and has not filed a petition

under PCAOB Rule 7103(c) if the issuer needs the audit report or consent in order to submit a report to, or make a filing with the Commission or issue securities.^{3/} This exception may be invoked only once per assessment of the PCAOB or FASB issuer accounting support fee.

Third, until further notice, the Board will not enforce PCAOB Rule 7104(b) against a registered public accounting firm that provides the auditor services described in PCAOB Rule 7014(b) to an issuer (or any broker or dealer subsidiary of that issuer) whose outstanding past-due shares of the PCAOB or FASB issuer accounting support fees total less than \$50 each.

17. If an issuer has paid its past-due shares of the PCAOB and FASB issuer accounting support fees, but not accrued interest, may an auditor sign an unqualified opinion or provide any other auditor services described in PCAOB Rule 7104(b)?

No. Interest, which accrues from the date that payment is past due, represents the time value of the shares of the issuer accounting support fees that should have been paid and is therefore treated, for purposes of PCAOB Rule 7104, as part of the assessed shares of the issuer accounting support fees. Accordingly, unless one of the exceptions described in FAQ #16 above applies, the auditor may not provide the auditor services described in PCAOB Rule 7104(b).

18. How may an auditor ascertain that an issuer has no outstanding past-due share of the PCAOB and FASB issuer accounting support fees?

There are three ways that an auditor may ascertain that an issuer has no outstanding past-due share of the issuer accounting support fees.

First, a registered public accounting firm may ascertain that an issuer has no outstanding past-due share of the issuer accounting support fees by obtaining a management representation from the issuer. An auditor may rely solely on such representation to determine whether it may provide to the issuer the auditor services described in PCAOB Rule 7104(b).

Second, a registered public accounting firm may obtain an affirmation from the PCAOB staff that an issuer has no outstanding past-due share of the issuer accounting support fees by contacting the PCAOB staff by phone at 1-202-207-9294 (Business Days: 9:00 a.m. to 5:00 p.m. ET) or by email at

^{3/} If this exception is invoked, the registered public accounting firm shall submit to the Board a notice of the signing of the opinion or issuance of the consent no later than the next business day after the filing is made with the Commission. The notice must be submitted electronically by email to Rule7104stay@pcaobus.org. This exception shall continue no longer than 15 business days after the earlier of the date of the notice's submission or the filing of the report with the Commission. See PCAOB Rule 7104(b)(2) and Note 2 to PCAOB Rule 7014(b) for more information. The exception provided by PCAOB Rule 7104(b)(2) does not in any way modify the issuer's legal obligation to pay its shares of the issuer accounting support fees.

Confirm@pcaobus.org. An auditor may rely on such an affirmation to determine whether it may provide to an issuer the auditor services described in PCAOB Rule 7104(b).

Third, the PCAOB posts a list of issuers that have no outstanding past-due share of the PCAOB and FASB issuer accounting support fees on its website at

https://pcaobus.org/about/administration/documents/support_fee/issuer-accounting-support-fee.pdf.

An auditor may rely on this list to determine whether it may provide to an issuer the auditor services described in PCAOB Rule 7014(b). However, the fact that an issuer is not included on this list is not necessarily a reason for an auditor to believe that a management representation is inaccurate, as discussed below.

19. If an issuer is not on the list of issuers that have no outstanding past-due share of the issuer accounting support fees of the PCAOB and the FASB on the PCAOB's website, does that mean it has past-due shares of the PCAOB or FASB issuer accounting support fees?

Not necessarily. A period of time may pass between when a payment is received by the PCAOB and when the list is updated to reflect that payment. In addition, many issuers are allocated shares of the PCAOB or FASB issuer accounting support fees equal to \$0 under the Board's funding rules. These issuers are not included on this list even though they have no outstanding past-due share of the issuer accounting support fees.

20. If an issuer has received an invoice for shares of the PCAOB and FASB issuer accounting support fees but payment is not yet due, may its auditor sign an unqualified audit report for that issuer?

If an issuer's shares of the issuer accounting support fees are not yet due, and the issuer has no outstanding past-due share of issuer accounting support fees from a prior year, its auditor can provide the auditor services described in PCAOB Rule 7104(b), including signing an unqualified audit report.