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REGISTRATION DEADLINE FOR NON-U.S. ACCOUNTING FIRMS	)	PCAOB Release No. 2004-003 March 11, 2004
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	)	PCAOB Rulemaking Docket Matter No. 013
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Summary: After public comment, the Public Company Accounting Oversight Board (the "Board" or "PCAOB") has adopted an amendment to its rule on the registration deadline for non-U.S. accounting firms. The rule extends by 90 days (to July 19, 2004) the deadline for registration of foreign public accounting firms. The Board will submit this amendment to the Securities and Exchange Commission ("Commission") for approval pursuant to Section 107 of the Sarbanes-Oxley Act of 2002 (the "Act"). This rule will not take effect unless approved by the Commission.

Board

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The Sarbanes-Oxley Act of 2002 (the "Act") directs accounting firms that prepare or issue audit reports, or that participate in the preparation or issuance of audit reports, with respect to U.S. public companies<sup>1/</sup> to register with the Board. In addition, Section

<sup>1/</sup> This release uses the term "U.S. public companies" as shorthand for the companies that are "issuers" under the Act and the Board's rules. This includes domestic public companies, whether listed on an exchange or not, and foreign private

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106(a) of the Act provides that any non-U.S. public accounting firm that prepares or furnishes an audit report with respect to any U.S. public company is subject to the Act and the rules of the Board and the Commission issued under the Act, in the same manner and to the same extent as a public accounting firm that is organized and operates under the laws of any state of the United States.

### A. Overview of Rule on Registration Deadline

The Board recognizes that certain aspects of the registration, inspection, investigation and adjudication provisions of the Act and the Board's rules raise special concerns in relation to non-U.S. firms. In an effort to address such concerns, the Board has developed a framework under which, with respect to non-U.S. firms, the Board could implement the Act's provisions by relying, to an appropriate degree, on a non-U.S. system. The Board outlined the broad parameters of this cooperative framework in its Briefing Paper on Oversight of Non-U.S. Public Accounting Firms<sup>2/</sup> and proposed rules to implement this cooperative framework on December 9, 2003.<sup>3/</sup> The Board's proposed rules included a proposal to extend the registration deadline for foreign public accounting firms to July 19, 2004.

While the Board is still considering the final rules regarding inspections, investigations and adjudications of non-U.S. accounting firms, the Board has decided to proceed with adoption of a final rule extending the deadline for registration of foreign public accounting firms to July 19, 2004.

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issuers that have either registered, or are in the process of registering, a class of securities with the Commission or are otherwise subject to Commission reporting requirements.

<sup>2/</sup> See PCAOB Release No. 2003-020, Oversight of Non-U.S. Public Accounting Firms (October 28, 2003).

<sup>3/</sup> See PCAOB Release No. 2003-024, Proposed Rules relating to the Oversight of Non-U.S. Public Accounting Firms (December 10, 2003).

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### **B. Public Comment Process and Board Responses**

The Board proposed rules, and released them for public comment, on December 9, 2003. The Board received 22 written comment letters with seven letters requesting that the Board further extend the proposed deadline.<sup>4/</sup> While there was broad support for the Board moving the registration deadline to July, the seven commenters, who included accounting firms, profession-based organizations and a representative of a foreign government, suggested the Board further extend the registration deadline.

The 90-day extension of the registration deadline was proposed to allow non-U.S. accounting firms time to consider the Board's framework for how the Board would conduct its oversight of such firms, should they choose to register. Given that the cooperative framework was outlined in October of last year, the Board believes that 90 days is an adequate amount of time to extend the registration deadline. As such, the final rule on the registration deadline is identical to its proposed rule.

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<sup>4/</sup> The Board's responses to the comments regarding the registration deadline are discussed in more detail in the section-by-section analysis in Appendix 2. The comment letters are available on the Board's Web site – [www.pcaobus.org](http://www.pcaobus.org) – and will be attached to the Board's Form 19b-4, to be filed with the Commission.

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On the 11th day of March, in the year 2004, the foregoing was, in accordance with the bylaws of the Public Company Accounting Oversight Board,

ADOPTED BY THE BOARD.

/s/ J. Gordon Seymour

J. Gordon Seymour  
Acting Secretary

March 11, 2004

APPENDICES –

1. Amendment to Rule Relating to Registration Deadline
2. Section-by-Section Analysis of Proposed Amendment to Rule Relating to Registration Deadline

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**Appendix 1 – Amendment to Rule Relating to Registration Deadline**

The Board has amended Section 2 of its rules by striking "April 19, 2004" and substituting "July 19, 2004" in PCAOB Rule 2100. The relevant portions of the Rules, as amended, are set out below. Language added by these amendments is shown in bold italics. Deleted language is struck through. Other text in Section 2, including notes to the Rules, remains unchanged and is indicated below by " \* \* \* ."

**RULES OF THE BOARD**

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**SECTION 2. REGISTRATION AND REPORTING**

**Part 1 – Registration of Public Accounting Firms**

**Rule 2100. Registration Requirements for Public Accounting Firms**

Effective October 22, 2003 (or, for foreign public accounting firms, ~~April 19, 2004~~**July 19, 2004**), each public accounting firm that –

- (a) prepares or issues any audit report with respect to any issuer; or
- (b) plays a substantial role in the preparation or furnishing of an audit report with respect to any issuer

must be registered with the Board.

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**Appendix 2 – Section-by-Section Analysis of Proposed Amendment to Rule  
Relating to Registration Deadline**

**Rule 2100 – Registration Requirements for Public Accounting Firms**

Rule 2100 provides that foreign public accounting firms must register by July 19, 2004, which extends the current registration deadline of April 19, 2004 an additional 90 days and a total of 270 days from the registration deadline for U.S. public accounting firms.

Some commenters suggested that the Board further extend the registration deadline for foreign public accounting firms to allow more time to resolve the special issues associated with the Board's oversight of non-U.S. firms.

In October 2003, the Board released a briefing paper that outlined the Board's approach to the oversight of non-U.S. accounting firms. The Board followed the October briefing paper with proposed rules in early December 2003. In those rules, the Board proposed the 90-day extension of the registration deadline to allow non-U.S. accounting firms additional time to consider the Board's framework for how the Board would conduct its oversight of such firms, should they choose to register. Given that the cooperative framework was outlined in October of last year, the Board believes that 90 days is an adequate amount of time to extend the registration deadline.