



**IDEX CORPORATION**  
**1925 West Field Court**  
**#200**  
**Lake Forest, Illinois 60045**  
**847.498.7070**

December 13, 2011

Office of the Secretary  
Public Company Accounting Oversight Board  
1666 K Street, N.W.  
Washington, D.C. 2006-2803

DEC 14 2011

Subject: PCAOB Rulemaking Docket Matter No. 37

Dear Sir/Madam:

I am writing this letter on behalf of the IDEX Corporation, our Board of Directors and management. This response is provided to the Public Company Accounting Oversight Board (PCAOB) for its consideration relating to the PCAOB Concept Release on Auditor Independence and Audit Firm Rotation (the "Concept Release").

The purpose of the Concept Release is to improve auditor objectivity, professional skepticism and independence with the intention of increasing overall audit quality. We do not believe that mandatory audit firm rotation will improve audit quality but instead will have the opposite effect of reducing audit quality. Mandatory audit firm rotation would eliminate the benefits derived from the institutional knowledge an audit firm builds over time about both the company and the industry in which it operates. This lack of institutional knowledge would present challenges to the auditor in making appropriate risk assessments about the company and negatively impact the auditor's ability to execute an effective audit. We do not believe that the trade off of a fresh perspective provided by a new audit firm is worth losing the continuity, knowledge and efficiency of the prior audit firm. This is particularly important for large complex global companies that operate in many locations around the world. In our current environment of increasing complexity the potential for diminished audit quality is even greater. We believe that the negative implications for audit quality outweigh the perceived benefits of mandatory audit firm rotation.

We believe that auditors would incur significant incremental time developing their knowledge base of a company, at each rotation, and that such would have a direct impact on the demands of company staff and the cost of the audit. The incremental time used to educate the new auditors on the company and its business will reduce the time available to both the Company and the new auditors to identify and address more significant issues. The internal and external costs to teach the new auditors its business and industry would be significant to the company and exceed the perceived benefits of mandatory audit firm rotation.

We believe existing rules keep relationships between the audit firm and the company objective without the downsides of mandatory audit firm rotation. The Sarbanes-Oxley Act (the "Act") has improved audit committee oversight and such improvements have enhanced the quality of the audit. Our audit committee has more frequent and meaningful communications with our auditor. These communications are enhanced because of the institutional knowledge of our auditor and their ability to understand and analyze the various complex accounting topics that we face.



The Act also required mandatory audit partner rotation and made audit committees responsible for engaging, compensating and overseeing the work of the independent auditor. We also believe that the new elevated standards for engagement quality control reviewers have increased auditor objectivity and professional skepticism and the requirement to obtain audit committee approval for any non-audit services provided by the auditor has improved the auditor's safeguards around maintaining independence. The PCAOBs inspection process has also increased the auditor's execution of professional skepticism and objectivity in the audit, with heightened focus around significant judgments and estimates embedded in the financial statements.

As summarized herein, it is our view that mandatory audit firm rotation would have negative implications for audit quality, the efficiency and effectiveness of the audit, investor protection, and the integrity of the financial system. We respectfully request that the PCAOB not pursue mandatory audit firm rotation.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael J. Yates".

Michael J. Yates  
Chief Accounting Officer  
IDEX Corporation