

**PCAOB Release 2003-011F**

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**Frequently Asked Questions**  
**Regarding Registration with the Board**

**December 4, 2017**

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**The Mechanics of Registration**

1. How can my firm apply for registration with the Board?

To apply for registration with the Board, your firm will have to go to the Board's Web site at [www.pcaobus.org](http://www.pcaobus.org), access the Board's secure, Web-based system, complete the registration application, and submit the application to the Board electronically.

The first step in registering is to request a user name and password to gain access to the Board's Web-based system. Firms submit this request by completing an online Entitlement Request Form, which is accessible by clicking the "Register, Withdraw or Report" button located on the Board's home page and following the instructions as a "New User." The entitlement request form requires a firm to provide basic information about itself, and create a user ID and password. Once completed, the firm will receive a document, containing a "confirmation code," reflecting the firm's submitted request for access; this document relates only to system access and does not mean that the firm is registered. This document means that the firm's request for access to the Board's system has been received. If the request is approved, the firm will receive an email directing it to log into the Board's web-based system to complete its Form 1 (the registration application). The Form 1 registration application may be completed as a web form, or by using XML, as discussed in FAQ #3 below). Firms do not have to complete and submit the form immediately after accessing the system. Firms may save the Form 1 application in the Board's system and return to it at a later time to complete and submit it. A tutorial on how to complete a web form in the Board's system, as well as a sample Form 1 and General Instructions on the form, are available on the Board's Web site at <http://pcaobus.org/Registration/Pages/SampleForms.aspx>.

After Form 1 is submitted, your application will be processed by the registration system, and an invoice will be generated. Processing of your application can take up to 24 hours, after which you can come back to the registration system to view and pay your invoice via a provided link. Once you've paid, your application will be deemed submitted.

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2. Is the Web-based registration system the only way to receive or submit Form 1?

Yes. You cannot submit a completed Form 1 other than through the Board's Web-based system. If you would like to see a description of the information Form 1 will require, you may view the Board's Registration Rules by going to [http://pcaobus.org/Rules/PCAOBRules/Pages/Section\\_2.aspx](http://pcaobus.org/Rules/PCAOBRules/Pages/Section_2.aspx).

3. What formats will the system accept? What software do I need to properly prepare and submit Form 1?

To properly communicate with the Board's system, you will need Internet Explorer 8.0 or later. To complete Form 1, you may fill it out online as a web form, or you may submit it in XML. If you have large amounts of information going into Form 1, you may find that XML is a more convenient way to submit the data because you would be able to load the data into your XML file directly or indirectly from other databases. If you would like to make your submission in XML, you must download the XML Schema from the Board's system and reference the XML instructions that are also available within the system. Using XML will likely require the assistance of a programmer who is versed in that computer language. The Board's system allows you to view your Form 1 as a PDF, and provides important guidance on the software you will need to view the PDF properly.

Form 1 may require you to submit various documents to be labeled as exhibits. The system will accept exhibits in PDF, GIF or JPEG format. You can convert text documents or scan documents for submission, as long as they are submitted in PDF, GIF or JPEG.

4. *[FAQ # 4 has been deleted because it is no longer applicable.]*

5. How much will it cost to apply for registration and when will payment be due?

The registration fee will be computed individually for each firm submitting a Form 1 and will be based on the number of issuer clients that an applicant audited during the preceding calendar year. (See FAQ #8 for a discussion of the term "issuer".) A table showing this fee is set forth below.

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Preceding Year Issuer Clients	Fee
0-49	\$500
50-100	\$3,000
101-1000	\$29,000
1001 and up	\$390,000

Payment is due at the time of submission of the application. Pursuant to rules of the Board, the Form 1 will not be deemed "submitted" and review of the application will not begin until the applicant has paid the registration fee to the Board.

6. How can I confirm that the Board has received my firm's registration application?

The Board has posted on its Web site a list of the firms from which it has received registration applications and will update this list periodically. After an application for registration is approved, the Board will make the application itself available on its Web site, redacting any part of the application as to which a request for confidential treatment is pending or has been granted. If an application is disapproved, the Board will post the application on its Web site, redacted as necessary, with an indication that it has been disapproved. The Board's Web site also contains a current list of all registered firms.

7. How does my firm request confidential treatment for some information that it plans to submit?

For information contained in the Form, you will need to check a box labeled "CR" for each piece of information that you want to be treated confidentially. You need to remember that when you check a box for confidential treatment, you have requested confidential treatment only for the particular entry associated with that box. If you wish to request confidential treatment for a series of entries – for example, for all entries related to a particular non-public disciplinary proceeding – you must check all "CR" boxes for entries related to that proceeding.

Requesting confidential treatment of a portion of a text exhibit to Form 1 requires you to submit two versions of the exhibit – one version should contain all the information in the exhibit and the other version should redact those portions of the exhibit as to which you are seeking confidential treatment and show with a notation each redaction that has been made.

For each request for confidential treatment, you must attach, as Exhibit 99.1, the information required by PCAOB Rule 2300(c)(2), which includes a representation that, to the applicant's knowledge, the information for which confidential treatment is

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requested has not otherwise been publicly disclosed and either (1) a detailed explanation of the grounds on which the information is considered proprietary or (2) a detailed explanation of the basis for asserting that the information is protected by law from public disclosure and a copy of the specific provision of law that the applicant claims protects the information from public disclosure. If you attach an Exhibit 99.1 that fails to include this information, your request for confidential treatment may be denied solely on the basis of that failure. Unless the firm requests otherwise by checking the specified box in Part X of its Form 1, the Exhibit 99.1 will be afforded confidential treatment.

## Registration Requirements

8. None of my firm's audit clients are "public companies." Does my firm have to register with the Board? May my firm register even if not required to do so?

The Sarbanes-Oxley Act (the "Act"), and PCAOB Rules provide that a firm must be registered to prepare or issue, an audit report with respect to any "issuer" as that term is defined in PCAOB Rule 1001(i)(iii). It is important to review the definition of "issuer" in making your determination as to whether your firm has to register because the definition may differ from what you view as a "public company." The Act and PCAOB Rules also provide that a firm must be registered to prepare or issue an audit report with respect to a "broker" or "dealer," as those terms are defined, respectively, in PCAOB Rules 1001(b)(iii) and 1001(d)(iii).

The Act and PCAOB Rules also provide that a firm must be registered in order to play a "substantial role" in the preparation or furnishing of an audit report with respect to an issuer, broker, or dealer. PCAOB Rule 1001(p)(ii) defines "substantial role."

The Board recognizes there are reasons that firms that currently perform no audit work for issuers, brokers, or dealers might choose to register even though not required to do so by the Act or PCAOB Rules. Some regulators have adopted rules requiring persons subject to their jurisdiction to use PCAOB-registered firms for specified services unrelated to audits of issuers, brokers, or dealers. In addition, firms that currently do no audit work for issuers, brokers, or dealers might register with the PCAOB just to be in a better position to compete for future business for which registration is required. This is permissible. Firms registering for such reasons should be aware that every registered firm, regardless of the nature of its practice, must comply with the PCAOB's rules requiring annual and special reporting, and the payment of an annual fee. Further, registration, in and of itself, should not be viewed as indicative of the quality of the firm's professional services. Finally, registration alone, however, does not subject a firm's audits to Board oversight. The Board's standard-setting, inspections, and enforcement

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authority, relate only to a firm's practice in connection with audits of issuers, brokers, or dealers. For these reasons, the Board does not encourage the registration of firms that are not required to be registered and are not actively seeking to develop their practice to provide services for which registration is required.

9. My firm has been engaged to do some work on an audit of a public company. We think our work will not meet the definition of "playing a substantial role" in an audit, but cannot guarantee that that will be the case. Can my firm make a reasonable assessment now of whether it will play a substantial role in that audit, or does it have to wait until it has completed the work?

The Board expects firms to make a reasonable, good faith determination at the commencement of an engagement as to whether or not they will play a substantial role in the preparation or furnishing of an audit report. In making that determination, a firm should assume that if it played a substantial role in the most recent audit of an issuer and expects to perform the same function in an upcoming audit, it will continue to play a substantial role. Further, firms that commence an engagement with the expectation that they would not play a substantial role in the audit, but subsequently determine that they played such a role, should register with the Board. Such a firm also should inform the firm issuing the audit report of the circumstances.

10. *[FAQ # 10 has been deleted because it is no longer applicable.]*

11. How long does it take to get registered?

The Board has up to 45 days after the date your firm submits your application to take action on your application. The actual number of days until approval will vary depending on the information contained in the application and the number of applications that are pending at the same time as your application. However, if the Board requests additional information concerning the application, a new 45-day period will begin when the additional information is received. In addition, if the Board cannot determine whether it is in the public interest to approve a firm's application, the Board may hold a hearing. While the applicant could elect to treat the hearing notice as a denial, if it does not do so, it will have waived the 45-day requirement for Board action (see FAQ #14 below).

12. Where can I find more information on the registration process?

The Board's rules regarding the registration process were approved by the SEC on July 16, 2003 (SEC Release No. 34-48180). You may review the releases relating to these

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rules on the Board's Web site at <http://pcaobus.org/Rules/Rulemaking/Pages/Docket001.aspx> (Release No. 2003-007).

### **Approval of Applications from New and Previously Registered Firms**

13. How will the Board decide whether to approve my application?

As indicated in Rule 2106, the Board will approve applications consistent with its responsibilities under the Sarbanes-Oxley Act of 2002 to protect investors and to further the public's interest in the preparation of informative, accurate, and independent audit reports. In determining whether to approve a firm's application, the Board may include in its consideration any violation of the Act or the Board's rules that the firm may appear to have committed, such as issuing an audit report on an issuer or broker-dealer while not registered, or failing to make required filings and pay required fees to the Board while previously registered, or failing to provide complete and accurate information in the application. In the case of registration applications of firms that have previously been registered with the Board, or whose personnel are or have been associated persons of registered firms, the Board will also consider any relevant information learned by the Board in the course of its oversight activity. In the case of applications of firms whose personnel include individuals who are currently legally precluded from participating in audits of issuers and broker-dealers (such as through a Board-imposed bar), the Board will also consider whether the firm has other personnel who are not so precluded. The Board's registration disapproval orders, which include descriptions of the grounds for disapproval, are available at <http://pcaobus.org/Registration/Firms/Pages/DisapprovalNotices.aspx>.

14. If the Board cannot determine that it is in the public interest to approve my firm's application, will my firm get a chance to persuade the Board to approve the application?

Yes, the Board will issue a notice of hearing on the application and provide the firm with an opportunity to address any issues raised by the application. If the applicant requests a hearing and the Board, at the conclusion thereof, decides not to approve a firm's application, the firm can ask the SEC to review the Board's decision. Alternatively, a firm that has received a notice of hearing may treat the notice as a denial of registration and immediately seek SEC review. (See FAQ #11.) In the event the Board disapproves a registration application, it will issue a disapproval order. Disapproval orders are publicly available on the Board's website at <http://pcaobus.org/Registration/Firms/Pages/DisapprovalNotices.aspx>.

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15. My firm will list certain legal proceedings that must be disclosed in Part V. How should I indicate the legal charges in the proceeding?

It is best if you give a description of the statute or rule, such as "securities fraud" in addition to using a legal citation to the statute or rule, such as "15 U.S.C. 78j." Using legal citations alone may slow down the review of your application, and may require the staff or the Board to request more information from you.

16. My firm's application will list a few proceedings that involved certain of the firm's associated persons. Does this mean our application will not be approved?

The fact that certain of your firm's associated persons were involved in proceedings does not, in and of itself, mean that your firm's application will be disapproved. The Board will evaluate whether disclosure of such proceedings raises concerns that approving the application may not be consistent with the Board's responsibility to protect investors and further the public interest. Among other factors, the Board will consider the nature of the allegations underlying the proceeding, and the position at the firm of the associated person in determining whether the proceedings raise concerns about approving the application. Your firm should consider addressing these factors, as well as any other relevant points, in any discussion it provides concerning those proceedings. (See also FAQ #33 concerning criminal proceedings.)

## **Information Required by Form 1**

### General Instructions

17. In those places where Form 1 requires current information, how current does the information have to be?

Where Form 1 calls for current information, you must provide information that is current as of a date that is no more than 90 days before the date you submit the application. For example, Form 1 requires you to provide the total number of accountants employed by your firm. If you submit your application on September 1, of a particular year, you may provide the total number of accountants employed by your firm on a date on or after June 3, of that year (the 90<sup>th</sup> day before submission). You may not provide the total number of accountants employed by your firm on May 1 of that year since that date is more than 90 days before the date you submitted your application.

18. If the information contained in my application changes while the application is pending before the Board, do I have to update my application to reflect the change?

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Board rules do not specifically require that you update the information in your Form 1 after you submit it. However, if the staff becomes aware of information relevant to the Board's review of the application (see FAQ #13 above) that is not reflected in the application, the staff may ask for additional information, which may delay the review process. For this reason, applicants are encouraged to notify the staff in writing if information contained in its application changes in any significant way.

In addition, if your firm does become registered, you should be aware of PCAOB Rule 2203(a)(2), which requires your firm to file a special report on Form 3 within 30 days after registration approval to report any event described in Form 3 that occurred after the date as of which information in the application was current and before the date that the Board approved the firm's registration.

19. What should I do if I think that I omitted some information I should have included in my application, or I put something that was incorrect in the application?

You can view the application you submitted by logging back into the Board's registration system and following the instructions. This will allow you to verify that all files you meant to submit were submitted, and to look at the application and attachments if you wish to review them for accuracy. If you determine that you omitted some information or that your application was incorrect in some other way, you should contact the Board's staff.

20. What should I do if I have further questions?

If you have questions, you should first review the Board's rules and Instructions to Form 1, these Frequently Asked Questions, and the Instructions for filling out Form 1 that are available for download after you log in to the registration system. If you are a non-US firm, you should review the Frequently Asked Questions Regarding Issues Relating to Non-US Accounting Firms at [http://pcaobus.org/Registration/Information/Pages/Non\\_US\\_Registration\\_FAQ.aspx](http://pcaobus.org/Registration/Information/Pages/Non_US_Registration_FAQ.aspx). If you are a broker-dealer auditor, you should review the Frequently Asked Questions on the Registration of Broker-Dealer Auditors at [http://pcaobus.org/Registration/Auditors/Documents/Staff\\_QAs\\_on\\_the\\_Registration\\_of\\_Broker-Dealers.pdf](http://pcaobus.org/Registration/Auditors/Documents/Staff_QAs_on_the_Registration_of_Broker-Dealers.pdf). If you still have questions, you can send an email to [registration-help@pcaobus.org](mailto:registration-help@pcaobus.org), or call the registration staff's help line at (202) 207-9329. The hours of operation for the help line are 9 a.m. to 4:30 p.m. EDT, Monday through Friday.

Associated Persons

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21. For purposes of completing a registration application on Form 1, the definition of "person associated with a public accounting firm" contained in Rule 1001(p)(i) excludes persons that a firm reasonably believes are primarily associated with another registered firm. How much investigation does my firm need to conduct to form a reasonable belief as to whether a person working on one of our audits is primarily associated with another public accounting firm that is registered?

The Board expects your firm to make reasonable efforts to determine whether persons are primarily associated with firms that are registered. Reasonable inquiries may include contacting the other firm for information on whether the firm is or expects to be registered with the Board. If you discover that a person is associated with a firm that is not yet registered, but intends to apply for registration, you do not have to consider that person to be associated for purposes of Form 1.

22. What does the Board mean when it defines an "associated person" as someone who, in connection with an audit report "shares in the profits of, or receives compensation in any other form from" a registered firm?

The Board rules define associated person to include persons who, in connection with the preparation or issuance of any audit report, receive compensation OR participate as agent of the firm in any activity of the firm, unless those persons perform only ministerial or clerical tasks. For purposes of completing Form 1, this term also excludes persons primarily associated with another registered firm. Any employee who participates in any way in an audit and does not meet one of the exclusions described in the rule should be presumed to be an "associated person." Further, anyone associated with a registering firm who receives a share of its profits and is not excluded by the terms of the rule should be presumed to be an associated person.

The term "compensation," as used in the definition of associated person, is broad. It would include such items as goodwill and other intangible benefits. For this reason, it is likely that a person participating in an audit who is performing tasks that are not solely clerical or ministerial will fall under the "associated person" definition.

23. My firm uses an outside accounting firm as an independent contractor on certain audit engagements. Is the outside firm considered an associated person of my firm? What about the outside firm's employees?

Board rules define "person associated with a public accounting firm" to include independent contractors or entities, so the outside firm you use on audits will be considered an associated person if it otherwise meets the definition in the rule. Similarly, independent contractors that are individuals would likely be associated

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persons under the rules. Employees of an independent contractor firm or entity would not be considered associated persons because it is the firm or entity, not the individuals, that has the independent contractor relationship with your firm.

24. My firm is large and has thousands of associated persons. It will take substantial effort to figure out which of those persons provided 10 or more hours of audit services during the last calendar year such that they should be listed in Item 7.1. Can my firm list all of its accountants, instead of just those that did 10 hours or more on an audit?

The Board would not deem an application to be materially inaccurate if it listed all of a firm's accountants who participate in or contribute to the preparation of audit reports in response to Item 7.1, instead of limiting its list to only those accountants that performed 10 hours or more on an audit.

25. If my firm employs an accountant from another country on a temporary basis, does it have to list that accountant as an associated person in Part VII of Form 1?

Yes, if the accountant meets the definition of a person associated with the firm and provided at least 10 hours of audit services for any issuer during the last calendar year. The fact that an accountant is from another country is irrelevant.

**Issuers**

26. My firm provides audit services to a mutual fund family that is composed of various entities that meet the definition of issuer. We also provide audit services to the sponsor of a large number of Unit Investment Trusts, each of which satisfies the definition of issuer. How do we reflect these client/issuer relationships in the Form?

The Form allows applicants to explain their entries concerning the issuers for which they performed services. In some very limited circumstances, it may make sense to group issuers for purposes of the Form, but if a firm does this, it must provide a full explanation of the facts in the designated attachment to the Form. The staff will consider this explanation and may then ask your firm for more information or to amend its disclosure of issuers.

**Fees**

27. My firm provides audit services to mutual funds that are part of the same holding company structure. We also provide accounting services to the administrative entity that is part of the holding company structure and provides services to each fund in the structure. Part II of Form 1 requires my firm to report the fees we received for services

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to the administrative entity as part of the fees reported for each mutual fund in the holding company structure. This causes us to report a fee we received once as if we received that amount in connection with each mutual fund client. How should we disclose the fees received from these various entities?

Notes to Items 2.1 and 2.2 of Form 1 require auditors of investment company issuers to disclose specified fees for services rendered to the issuer, the issuer's investment adviser (with certain exclusions), and any entity controlling, controlled by, or under common control with, the adviser that provides ongoing services to the issuer. As you point out, this may result in some duplication in the fees reported. Your firm can address any duplication in fee reporting on Form 1. The Form allows applicants to explain their entries concerning the fees received from their issuer clients. You can use that space to clarify that the fees reported for a particular issuer include fees already reported for other issuers.

28. Part II of the Form requires disclosure of billing information related to a client's audit report. Can we use proxy information instead of reconciling to our financial systems, which do not now track our fees in the way that you require them to be disclosed?

Yes. The Notes to Items 2.1 and 2.2 state that if the applicant doesn't know the fee amounts, it may use estimated amounts. The Item 2 disclosures were intended to track the proxy disclosure rules, and proxy disclosures would be considered to be reasonable estimates.

29. My firm has a client that is not subject to the proxy rule requirement relating to disclosure of fees paid to auditors, and therefore does not track the fee information required by the Form. How does my firm list fees from the client under these circumstances?

As indicated in the Notes to Items 2.1, 2.2, 3.1 and 3.2 of the Form, you may use reasonable estimates in the event the exact fee information required by the Form is not known or has not previously been disclosed. If you wish to do so, you also may use the portion of the Form allowing applicants to explain their entries concerning the fees they received from specific issuers to make clear that the fee amounts provided are estimates.

30. My firm provides a variety of services to clients that are broker-dealers, and therefore are not subject to the proxy rules requiring the disclosure of fees. Am I expected to disclose fees in the application?

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Yes. While broker-dealers are not subject to the proxy rules that apply to many issuers, the fee categories described in the form are applicable to services you provide to such clients. In completing Part III of the form, you should carefully review the definitions of such terms as “audit services” and “other accounting services” in the Board’s rules for guidance on how to disclose those fees. The form also permits you to provide estimates where you are unable to provide precise information.

31. My firm provides audit services to investment company issuers. The Note to Item 2.1 indicates that my firm must disclose, in response to Item 2.1(c) with respect to those services, fees for services rendered to the issuer, the issuer's investment adviser and any entity controlling, controlled by or under common control with the adviser that provides ongoing services to the issuer. Can applicants instead report the audit fees reported by investment companies in proxy information under the SEC's current rules in response to Item 2.1(c)?

Yes. As indicated in Footnote 30 of the Board's Section-by-Section Analysis of its registration rules, the Note to Item 2.1 was meant to provide consistency with the SEC's disclosure rules. Applicants reporting fees for services to investment company issuers may make disclosures of fees for audit services in a manner consistent with those rules.

### Quality Control Policies

32. How detailed should we be in describing our quality control policies?

As indicated in Item 4.1, your discussion of quality control policies should be a summary description presented in a clear, concise and understandable format. You should not provide us with your entire internal quality control manual in response to this Item, but should prepare a brief document that addresses your quality control policies as they relate to the areas reflected in the Board's quality control standards, which can be found at <http://pcaobus.org/Standards/QC/Pages/default.aspx>. Specifically, the description should provide an overview of your firm's policies with respect to independence, integrity and objectivity; engagement performance; personnel management; acceptance and continuance of clients and engagements; and monitoring. See also FAQ #13.

### Certain Proceedings

33. Part V of Form 1 requires my firm to list any criminal proceeding involving it or any person associated with it that is pending or resulted in a judgment against the person within the last five years. Does my firm have to list all criminal proceedings, including things like traffic violations?

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The Board will not deem a registration application to be materially incomplete or inaccurate if, in responding to Item 5.1a, the applicant omits a criminal proceeding in which an associated person of the applicant is or was a defendant where –

(A) the statutes, rules, or other requirements the associated person was found to have violated (or is charged with having violated) relate solely to the operation of a motor vehicle; or

(B) (i) the associated person's position with the firm is below the manager level, and

(ii) the violation that the associated person was found to have committed (or is charged with committing) is not a felony and does not relate to accounting, auditing, banking, commodities, consumer protection, embezzlement, forgery, fraud, insurance, obstruction of justice, perjury, securities, or taxation.

Consents

34. Do firms have to get manual signatures for each of the associated persons signing the consents that firms must obtain under Item 8.1(b)?

No. The Board's Section-by-Section Analysis of its rules interpreted proposed Rule 2104 to require manual signatures on the consents that a firm must obtain from its associated persons under Section 102(b)(3) of the Sarbanes-Oxley Act. Commenters on the Board's rules expressed the view that the administrative burden created by requiring manual signatures rather than by allowing electronic signatures is not warranted, given the legal sufficiency of electronic signatures in many contexts. After consideration of those comments, the Board has determined that it will not interpret Rule 2104 to require manual signatures on the associated persons' consents but, rather, will leave to firms the responsibility of satisfying the Section 102(b)(3) requirement by obtaining a form of signature that is effective under applicable law.