

**BYLAWS and RULES**

OF THE

**PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD**

As of August 4, 2003

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**BYLAWS AND RULES**

**PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD**

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**BYLAWS**

**ARTICLE I  
NAME**

1. The name of the Corporation shall be the Public Company Accounting Oversight Board, Inc.

**ARTICLE II  
OBJECT**

2. The Corporation is organized pursuant to, and shall be operated for such purposes as are set forth in, Title I of the Sarbanes-Oxley Act of 2002 (the "Act").

**ARTICLE III  
OFFICES**

3.1. Principal Office. The principal office of the Corporation shall be in the City of Washington, District of Columbia.

3.2. Other Offices. The Governing Board of the Corporation ("Governing Board") may designate other office locations, outside of the District of Columbia, as the Governing Board may determine are necessary or appropriate to meet the Corporation's objectives.

**ARTICLE IV  
GOVERNING BOARD**

4.1 Composition. The Governing Board shall consist of those persons appointed thereto by the Securities and Exchange Commission, pursuant to Section 101 of the Act.

4.2. Powers and Duties. The Governing Board shall have such powers and duties as are provided in Title I of the Act.

4.3. Quorum and Majority. A majority of the members of the Governing Board shall constitute a quorum. An act approved by majority vote of the members of the Governing Board present at a meeting of the Board at which a quorum is present shall

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be the act of the Board. If a Board member has recused himself or herself from a decision, and a quorum of otherwise qualified Board members cannot be assembled in time to meet the exigencies of that particular situation, the recused Board member may be counted for quorum purposes only. As used in this section, "the exigencies of that particular situation" shall be defined to require circumstances in which the Board is required to act within a limited period of time or in which the public interest or the protection of investors otherwise prevent the deferral of action until a quorum of non-recused Board members is available.

4.4. Compensation and Expenses. The Governing Board shall set the compensation for its Members. Members of the Governing Board shall be reimbursed by the Board for reasonable expenses incurred in the discharge of their duties.

### **ARTICLE V BOARD MEETINGS**

5.1. General. As soon as practical after the adoption of these bylaws, the Governing Board shall adopt a written policy defining the circumstances under which meetings of the Board will be open to the public (the "Open Meeting Policy").

5.2. Regular Public Meetings. The Governing Board shall hold at least one public meeting each month, which meeting shall take place on the first Tuesday of each month (the "Regular Public Meeting"), or at such other time as the Chair shall determine. The Board shall ensure that, under procedures defined in its Open Meeting Policy, the public is informed, at least five (5) calendar days in advance, of the time, location, and general topics scheduled for discussion of each Regular Public Meeting.

5.3. Special Meetings. The Governing Board may hold additional meetings ("Special Meetings"), which may be public or non-public (in accordance with the Open Meeting Policy) as it deems necessary or appropriate to further the purposes of the Act. The Open Meeting Policy shall set forth procedures for providing the public with reasonable notice of public Special Meetings.

5.4. Telephonic Participation. The Governing Board may meet via telephone or teleconference, and any member may participate in a meeting by telephone, provided

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that, in the case of a meeting that is open to the public, at least one Board member shall be present at the location specified in the meeting notice.

**ARTICLE VI  
OFFICERS**

6.1. General. The Chair of the Governing Board shall also be the President and Chief Executive Officer of the Corporation. All other Governing Board members shall also be Vice Presidents of the Corporation. Board members shall serve as officers of the Corporation without additional compensation.

6.2. Other Officers. The other officers of the Corporation shall include a Secretary, Treasurer, General Counsel, Chief Auditor, Chief Administrative Officer, Director of Inspections and Registration, Director of Investigations and Enforcement, and such other officers as the Governing Board may establish in accordance with such rules of the Board as may be adopted for establishing officers.

6.3 Powers of the Chief Executive Officer.

(a) The Chief Executive Officer is responsible for, and has authority over, the management and administration of the Corporation, including responsibility and authority for the appointment, dismissal, and supervision of personnel (other than Board members and personnel employed regularly and full-time within the immediate offices of the Board members), the distribution of business among such personnel and among organizational units of the Corporation, the use and expenditure of funds (including the procurement of goods and services), and the development (for Board review) of strategic policy initiatives.

(b) (1) In carrying out any of the responsibilities under the provisions of this section 6.3, the Chief Executive Officer shall be governed by the general policies of the Governing Board and by such rules and decisions as the Governing Board may lawfully make.

(2) The appointment by the Chief Executive Officer of the officers of the Corporation designated in and established under section 6.2

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shall be subject to the approval of, and made in consultation with, the Governing Board, and the dismissal of the officers of the Corporation designated in and established under section 6.2 shall be made in consultation with the Governing Board, except that when the Board determines that the dismissal arises out of a conflict regarding the general policies of the Governing Board, it is also subject to the approval of the Governing Board.

- (3) Each Governing Board member has responsibility and authority for the appointment, dismissal, and supervision of personnel employed regularly and full-time within the immediate office of the Board member, subject to the Governing Board's overall personnel policies.
- (4) The Chief Executive Officer has the responsibility and authority to develop, and present to the Board for approval, an annual budget as well as mid-year adjustments, if any. There is reserved to the Governing Board its responsibility and authority with respect to determining the distribution of funds according to major programs and purposes, including those related to salary schedules and other conditions of employment.

**ARTICLE VII  
LIABILITY AND INDEMNIFICATION**

7.1 No Personal Liability. No contract entered into by or on behalf of the Corporation shall personally obligate any employee, officer, or Governing Board member of the Corporation, including the employee, officer or Governing Board member authorizing such contract or executing same.

7.2 Indemnification.

- (a) Unless otherwise prohibited by law and as provided in section 7.2(b), the Corporation shall indemnify any employee, officer, or Governing Board member, or any former employee, officer, or Governing Board member,



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against any and all expenses and liabilities actually and necessarily incurred by him or her, or imposed on him or her, in connection with any claim, action, suit, or proceeding (whether actual or threatened, civil, criminal, administrative, or investigative, including appeals), to which he or she may be or is made a party by reason of being or having been such employee, officer, or Board member.

- (b) Notwithstanding section 7.2(a), there shall be no indemnification in relation to matters as to which the Board finds that the employee, officer, or Board member acted in bad faith or engaged in willful misconduct in the performance of a duty to the Corporation.
- (c) Amounts paid in indemnification of expenses and liabilities may include, but shall not be limited to, counsel and other related fees; costs and disbursements; and judgments, fines, and penalties against, and amounts paid in settlement by, such employee, officer, or Board member.
- (d) The Corporation may advance expenses to, or where appropriate may itself, at its expense, undertake the defense of any employee, officer, or Board member; provided, however, that such employee, officer, or Board member shall undertake to repay or to reimburse such expense if it should be ultimately determined that he or she is not entitled to indemnification under this Article.
- (e) The provisions of this Article shall be applicable to claims, actions, suits, or proceedings made or commenced after the adoption hereof, whether arising from acts or omissions to act occurring before or after adoption hereof.
- (f) The indemnification provided by this Article shall not be deemed exclusive of any other rights to which such employee, officer, or Board member may be entitled under any applicable law.
- (g) The indemnification provided by this Article shall not restrict the power of the Governing Board to provide any additional indemnification permitted by law.

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7.3. Insurance. The Governing Board may purchase insurance on behalf of any employee, officer, or Governing Board member against any liability which may be asserted against or incurred by him or her which arises out of such person's status as an employee, officer, or Board member or out of acts taken in such capacity, whether or not the Corporation would have the power to indemnify such person against that liability under law. To the extent that any applicable insurance is available to respond to any claim addressed in this Article, such insurance shall be exhausted before any payment is made pursuant to the indemnification provisions in this Article.

7.4. Severability. If any part of this Article shall be found in any action, suit, or proceeding to be invalid or ineffective, the validity and effectiveness of the remaining parts shall not be affected.

**ARTICLE VIII  
BYLAW AMENDMENTS AND RULES OF THE CORPORATION**

8.1. Amendments to Bylaws. The Governing Board may from time to time amend, repeal, or supplement these bylaws.

8.2. Rules. In addition to, and separate from, these bylaws, the Governing Board may adopt such rules of the Corporation as it deems necessary or appropriate to discharge its responsibilities under the Act.

**ARTICLE IX  
MISCELLANEOUS PROVISIONS**

9.1. Fiscal Year. The Corporation's fiscal year shall be the calendar year.

9.2. Capital Expenditures. Except as expressly delegated by the Governing Board, no capital expenditure or investment shall be made without the approval of the Board.

9.3. Selection of Auditor. The Governing Board shall retain an accounting firm to annually audit the Corporation's financial records, which firm shall not perform any other services, except tax services, for the Corporation.

**ETHICS CODE**

[Reserved]

**RULES**

**SECTION 1. GENERAL PROVISIONS**

**Rule 1000. [Reserved]**

[Reserved]

**Rule 1001. Definitions of Terms Employed in Rules.**

When used in the Rules, unless the context otherwise requires:

**(a)(i) Accounting Support Fee**

The term "accounting support fee" means the fee described in Rule 7100.

[Effective pursuant to SEC Release No. 34-48278; File No. PCAOB-2003-02; August 1, 2003]

**(a)(ii) Accountant**

The term "accountant" means a natural person –

- (1) who is a certified public accountant, or
- (2) who holds –
  - (i) a college, university, or higher professional degree in accounting, or
  - (ii) a license or certification authorizing him or her to engage in the business of auditing or accounting, or
- (3) who –
  - (i) holds a college, university, or higher professional degree in a field, other than accounting, and
  - (ii) participates in audits;

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provided, however, that the term "accountant" does not include a person engaged only in clerical or ministerial tasks.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

### **(a)(iii) Act**

The term "Act" means the Sarbanes-Oxley Act of 2002.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

### **(a)(iv) Associated Entity**

The term "associated entity" means, with respect to a public accounting firm –

- (1) any entity that directly, indirectly, or through one or more intermediaries, controls, or is controlled by, or is under common control with, such public accounting firm; or
- (2) any "associated entity," as used in Rule 2-01(f)(2) of Regulation S-X, 17 C.F.R. 210.2-01(f)(2), that would be considered part of that firm for purposes of the Commission's auditor independence rules.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

### **(a)(v) Audit**

The term "audit" means an examination of the financial statements of any issuer by an independent public accounting firm in accordance with the rules of the Board or the Commission (or, for the period preceding the adoption of applicable Rules of the Board under Section 103 of the Act, in accordance with then applicable generally accepted auditing standards for such purposes), for the purpose of expressing an opinion on such statements.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

### **(a)(vi) Audit Report**

The term "audit report" means a document or other record –

- (1) prepared following an audit performed for purposes of compliance by an issuer with the requirements of the securities laws; and
- (2) in which a public accounting firm either –

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- (i) sets forth the opinion of that firm regarding a financial statement, report or other document; or
- (ii) asserts no such opinion can be expressed.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

### **(a)(vii) Audit Services**

The term "audit services" means –

- (1) subject to paragraph (a)(vii)(2) of this Rule, professional services rendered for the audit of an issuer's annual financial statements, and (if applicable) for the reviews of an issuer's financial statements included in the issuer's quarterly reports.
- (2) effective after December 15, 2003, professional services rendered for the audit of an issuer's annual financial statements, and (if applicable) for the reviews of an issuer's financial statements included in the issuer's quarterly reports or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

### **(b)(i) Board**

The term "Board" means the Public Company Accounting Oversight Board.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

### **(c)(i) Commission**

The term "Commission" means the Securities and Exchange Commission.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

### **(e)(i) Exchange Act**

The term "Exchange Act" means the Securities Exchange Act of 1934, as amended.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

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### **(f)(i) Foreign Public Accounting Firm**

The term "foreign public accounting firm" means a public accounting firm that is organized and operates under the laws of a non-U.S. jurisdiction, government or political subdivision thereof.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

### **(i)(i) Issuer Market Capitalization**

The terms "issuer market capitalization" and "market capitalization of an issuer" mean –

(1) Except as provided in paragraph (i)(i)(2) of this rule, the aggregate market value of all classes of an issuer's common stock that trade in the United States; or

(2) With respect to an issuer: (i) that is registered under Section 8 of the Investment Company Act or has elected to be regulated as a business development company pursuant to Section 54 of the Investment Company Act, and (ii) whose securities are not traded on a national securities exchange or quoted on Nasdaq, the issuer's net asset value.

[Effective pursuant to SEC Release No. 34-48278; File No. PCAOB-2003-02; August 1, 2003]

### **(i)(ii) Investment Company Act**

The term "Investment Company Act" means the Investment Company Act of 1940, as amended.

[Effective pursuant to SEC Release No. 34-48278; File No. PCAOB-2003-02; August 1, 2003]

### **(i)(iii) Issuer**

The term "issuer" means an issuer (as defined in Section 3 of the Exchange Act), the securities of which are registered under Section 12 of that Act, or that is required to file reports under Section 15(d) of that Act, or that files or has filed a registration statement that has not yet become effective under the Securities Act of 1933, and that it has not withdrawn.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

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### **(n)(i) Notice**

The term "notice" means the document sent by the Board to an issuer, pursuant to Rule 7102, setting forth such issuer's share of the accounting support fee under Section 109 of the Act and Rules 7101 and 7102.

[Effective pursuant to SEC Release No. 34-48278; File No. PCAOB-2003-02; August 1, 2003]

### **(n)(ii) Non-Audit Services**

The term "non-audit services" means –

- (1) subject to paragraph (n)(ii)(2) of this Rule, services related to financial information systems design and implementation as defined in Rule 2-01(c)(4)(ii) of Regulation S-X, 17 C.F.R. 2-01(c)(4)(ii), and all other services, other than audit services or other accounting services.
- (2) effective after December 15, 2003, all other services other than audit services, other accounting services, and tax services.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

### **(o)(i) Other Accounting Services**

The term "other accounting services" means –

- (1) subject to paragraph (o)(i)(2) of this Rule, services that are normally provided by the public accounting firm that audits the issuer's financial statements in connection with statutory and regulatory filings or engagements and assurance and related services that are reasonably related to the performance of the audit or review of the issuer's financial statements, other than audit services.
- (2) effective after December 15, 2003, assurance and related services that are reasonably related to the performance of the audit or review of the issuer's financial statements, other than audit services.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

### **(p)(i) Person Associated With a Public Accounting Firm (and Related Terms)**

The terms "person associated with a public accounting firm" (or with a "registered public accounting firm" or "applicant") and "associated person of a public accounting

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firm" (or of a "registered public accounting firm" or "applicant") mean any individual proprietor, partner, shareholder, principal, accountant, or professional employee of a public accounting firm, or any independent contractor that, in connection with the preparation or issuance of any audit report –

- (1) shares in the profits of, or receives compensation in any other form from, that firm; or
- (2) participates as agent on behalf of such accounting firm in any activity of that firm;

provided, however, that these terms do not include a person engaged only in clerical or ministerial tasks or a person whom the public accounting firm reasonably believes is a person primarily associated with another registered public accounting firm.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

### **(p)(ii) Play a Substantial Role in the Preparation or Furnishing of an Audit Report**

The phrase "play a substantial role in the preparation or furnishing of an audit report" means –

- (1) to perform material services that a public accounting firm uses or relies on in issuing all or part of its audit report with respect to any issuer, or
- (2) to perform the majority of the audit procedures with respect to a subsidiary or component of any issuer the assets or revenues of which constitute 20% or more of the consolidated assets or revenues of such issuer necessary for the principal accountant to issue an audit report on the issuer.

Note 1: For purposes of paragraph (1) of this definition, the term "material services" means services, for which the engagement hours or fees constitute 20% or more of the total engagement hours or fees, respectively, provided by the principal accountant in connection with the issuance of all or part of its audit report with respect to any issuer. The term does not include non-audit services provided to non-audit clients.

Note 2: For purposes of paragraph (2) of this definition, the phrase "subsidiary or component" is meant to include any subsidiary, division, branch, office or other component of an issuer, regardless of its form of organization and/or control relationship with the issuer.



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Note 3: For purposes of determining "20% or more of the consolidated assets or revenues" under paragraph (2) of this Rule, this determination should be made at the beginning of the issuer's fiscal year using prior year information and should be made only once during the issuer's fiscal year.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

### **(p)(iii) Public Accounting Firm**

The term "public accounting firm" means a proprietorship, partnership, incorporated association, corporation, limited liability company, limited liability partnership, or other legal entity that is engaged in the practice of public accounting or preparing or issuing audit reports.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

### **(r)(i) Registered Public Accounting Firm**

The term "registered public accounting firm" means a public accounting firm registered with the Board.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

### **(r)(ii) Rules or Rules of the Board**

The terms "Rules" or "Rules of the Board" mean the bylaws and rules of the Board (as submitted to and approved, modified, or amended by the Commission in accordance with Section 107 of the Act) and those stated policies, practices, and interpretations of the Board that the Commission, by rule, may deem to be rules of the Board, as necessary or appropriate in the public interest or for the protection of investors.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

### **(s)(i) Securities Act**

The term "Securities Act" means the Securities Act of 1933, as amended.

[Effective pursuant to SEC Release No. 34-48278; File No. PCAOB-2003-02; August 1, 2003]

### **(s)(ii) Securities Laws**

The term "securities laws" means the provisions of the law referred to in Section 3(a)(47) of the Exchange Act, as amended by the Act, and includes the rules, regulations, and orders issued by the Commission thereunder.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

**(s)(iii) State**

The term "State" means any state of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, or any other territory or possession of the United States.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

**(t)(i) Tax Services**

The term "tax services" means professional services rendered for tax compliance, tax advice, and tax planning.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

**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), 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.

Note 1: As set forth in Section 106(a)(1) of the Act, registration with the Board pursuant to this Rule will not by itself provide a basis for subjecting a foreign public accounting firm to the jurisdiction of the U.S. federal or State courts, other than with respect to controversies between such firms and the Board.

Note 2: The issuance of a consent to include an audit report for a prior period by a public accounting firm, which does not currently have and does not expect to have an engagement with an issuer to prepare or issue, or to play a substantial role in the preparation or furnishing of an audit report with respect to any issuer, will not by itself require a public accounting firm to register under Rule 2100.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

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### **Rule 2101. Application for Registration.**

Any public accounting firm applying to the Board for registration pursuant to Rule 2100 must complete and file an application for registration on Form 1 by following the instructions to that form. Unless directed otherwise by the Board, the applicant must file such application and exhibits thereto electronically with the Board through the Board's web-based registration system. An applicant may withdraw its application for registration by written notice to the Board at any time before the approval or disapproval of the application.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

### **Rule 2102. Date of Receipt.**

Unless the Board directs otherwise, the date of receipt of an application for registration will be the later of (a) the date on which the registration fee has been paid, or (b) the date on which the application is submitted to the Board through its web-based registration system.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

### **Rule 2103. Registration Fee.**

Each applicant for registration must pay a registration fee. The Board will, from time to time, announce the current registration fee. No portion of the registration fee is refundable, regardless of whether the application for registration is approved, disapproved, or withdrawn.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

### **Rule 2104. Signatures.**

Each signatory to an application for registration (including, without limitation, each signatory to the consents required by such application) shall manually sign a signature page or other document authenticating, acknowledging or otherwise adopting his or her signature that appears in typed form within the electronic filing. Such document shall be executed before or at the time the electronic filing is made and shall be retained by the filer for a period of seven years. Upon request, an electronic filer shall furnish to the Board or its staff a copy of all documents retained pursuant to this Rule.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

## **Public Company Accounting Oversight Board Bylaws and Rules**

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### **Rule 2105. Conflicting Non-U.S. Laws.**

(a) An applicant may withhold information from its application for registration when submission of such information would cause the applicant to violate a non-U.S. law if that information were submitted to the Board.

(b) An applicant that claims that submitting information as part of its application would cause it to violate non-U.S. laws must –

- (1) identify, in accordance with the instructions on Form 1, the information that it claims would cause it to violate non-U.S. laws if submitted; and
- (2) include as an exhibit to Form 1 –
  - (i) a copy of the relevant portion of the conflicting non-U.S. law;
  - (ii) a legal opinion that submitting the information would cause the applicant to violate the conflicting non-U.S. law; and
  - (iii) an explanation of the applicant's efforts to seek consents or waivers to eliminate the conflict, if the withheld information could be provided to the Board with a consent or a waiver, and a representation that the applicant was unable to obtain such consents or waivers to eliminate the conflict.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

### **Rule 2106. Action on Applications for Registration.**

#### **(a) Standard for Approval.**

After reviewing the application for registration, any additional information provided by the applicant, and any other information obtained by the Board, the Board will determine whether approval of the application for registration is consistent with the Board's responsibilities under the Act to protect the interests of investors and to further the public interest in the preparation of informative, accurate, and independent audit reports for companies the securities of which are sold to, and held by and for, public investors.

#### **(b) Action on Application.**

Unless the applicant consents otherwise, the Board will take action on an application for registration not later than 45 days after the date of receipt of the application by the Board.

## Public Company Accounting Oversight Board Bylaws and Rules

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- (1) If the Board makes the determination in paragraph (a) of this Rule, the Board will approve the application.
- (2) If the Board is unable to determine that the standard for approval in paragraph (a) of this Rule is met, or if the Board determines that the application may be materially inaccurate or incomplete, the Board will:
  - (i) request more information from the applicant; or
  - (ii) provide the applicant with written notice of a hearing, pursuant to the Board's procedural rules governing disciplinary proceedings, to determine whether to approve or disapprove the application. Such notice will specify, in reasonable detail, the proposed grounds for disapproval. Such notice may, at the applicant's election, be treated as a written notice of disapproval for purposes of Section 102(c) of the Act.

### **(c) Requests for More Information.**

If the Board requests more information from an applicant, and such applicant submits the requested information to the Board, the Board will treat the application, as supplemented by the requested information, as if it were a new application for purposes of paragraph (b) of this Rule. The Board will take action on such supplemented applications as soon as practicable, and not later than 45 days after receipt of the supplemented application by the Board. If such firm declines to provide the requested information, or fails to do so within a reasonable amount of time, the Board may deem the application incomplete for purposes of paragraph (b)(2) of this Rule, may deem the application not to have been received in accordance with Rule 2102, or may take such other action as the Board deems appropriate.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

## **Part 2 – Reporting**

[Reserved]

## **Part 3 – Public Availability Of Applications And Reports**

**Rule 2300. Public Availability of Information Submitted to the Board;  
Confidential Treatment Requests.**

(a) Except as provided in paragraph (b) below, an application for registration will be publicly available as soon as practicable after the Board approves or disapproves such application.

**(b) Confidential Treatment Requests.**

A public accounting firm may request confidential treatment of any information submitted to the Board in connection with its application for registration, provided that the information as to which confidential treatment is requested –

- (1) has not otherwise been publicly disclosed, and
- (2) either (i) contains information reasonably identified by the public accounting firm as proprietary information, or (ii) is protected from public disclosure by applicable laws related to the confidentiality of proprietary, personal, or other information.

**(c) Application Procedures.**

To request confidential treatment of information submitted to the Board in connection with an application for registration, the applicant must –

- (1) identify in accordance with the instructions on Form 1 the information that it desires to keep confidential; and
- (2) include as an exhibit to Form 1 a detailed explanation as to why, based on the facts and circumstances of the particular case, the information meets the requirements of paragraph (b) of this Rule.

(d) Pending a determination by the Board as to whether to grant the request for confidential treatment, the information for which confidential treatment has been requested will not be made available to the public.

(e) If the Board determines to deny a confidential treatment request, the requestor will be notified in writing of the Board's decision, and of the date on which the information in question will be made public, a reasonable time in advance of such date.

(f) Unless the applicant requests otherwise, the exhibit containing an explanation supporting a confidential treatment request will be afforded confidential treatment without the need for a request for confidential treatment.

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(g) Information as to which the Board grants confidential treatment under this rule will not be made available to the public by the Board. The granting of confidential treatment will not, however, limit the ability of the Board (1) to provide the information as to which confidential treatment was granted to the Commission, or (2) to comply with any subpoena validly issued by a court or other body of competent jurisdiction. In the event the Board receives such a subpoena, the Board will notify the applicant of such subpoena, to the extent permitted by law, to allow the applicant the opportunity to object to such subpoena.

(h) Pursuant to Section 101(g)(2) of the Act, the Board hereby delegates, until the Board orders otherwise, to the Director of Registration and Inspection the Board's functions under this Rule.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]

### SECTION 3. PROFESSIONAL STANDARDS

#### Rule 3200T. Interim Auditing Standards.

In connection with the preparation or issuance of any audit report, a registered public accounting firm, and its associated persons, shall comply with generally accepted auditing standards, as described in the AICPA Auditing Standards Board's Statement of Auditing Standards No. 95, as in existence on April 16, 2003 (Codification of Statements on Auditing Standards, AU § 150 (AICPA 2002)).

Note: Under Section 102(a) of the Act, public accounting firms are not required to be registered with the Board until 180 days after the date of the determination of the Commission under section 101(d) that the Board has the capacity to carry out the requirements of Title I of the Act (the "mandatory registration date"). The Board intends that, during the period preceding the mandatory registration date, the Interim Auditing Standards apply to public accounting firms that would be required to be registered after the mandatory registration date and to associated persons of those firms, as if those firms were registered public accounting firms.

[Effective pursuant to SEC Release Nos 33-8233 & 34-47746; April 25, 2003]

#### Rule 3300T. Interim Attestation Standards.

In connection with an engagement (i) described in the AICPA's Auditing Standards Board's Statement on Standards for Attestation Engagements No. 10 (Codification of Statements on Auditing Standards, AT § 101.01 (AICPA 2002)) and (ii) related to the preparation or issuance of audit reports for issuers, a registered public accounting firm, and its associated persons, shall comply with the AICPA Auditing Standards Board's Statements on Standards for Attestation Engagements, and related interpretations and Statements of Position, as in existence on April 16, 2003.

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Note: The Board intends that, during the period preceding the mandatory registration date, the Interim Attestation Standards apply to public accounting firms that would be required to be registered after the mandatory registration date and to associated persons of those firms, as if those firms were registered public accounting firms.

[Effective pursuant to SEC Release Nos 33-8233 & 34-47746; April 25, 2003]

### **Rule 3400T. Interim Quality Control Standards.**

A registered public accounting firm, and its associated persons, shall comply with quality control standards, as described in –

(a) the AICPA's Auditing Standards Board's Statements on Quality Control Standards, as in existence on April 16, 2003 (AICPA Professional Standards, QC §§ 20-40 (AICPA 2002)); and

(b) the AICPA SEC Practice Section's Requirements of Membership (d), (f)(first sentence), (l), (m), (n)(1) and (o), as in existence on April 16, 2003 (AICPA SEC Practice Section Manual § 1000.08(d), (f), (j), (m), (n)(1) and (o)).

Note: The second sentence of requirement (f) of the AICPA SEC Practice Section's Requirements of Membership provided for the AICPA's peer review committee to "authorize alternative procedures" when the requirement for a concurring review could not be met because of the size of the firm. This provision is not adopted as part of the Board's Interim Quality Control Standards. After the effective date of the Interim Quality Control Standards, requests for authorization of alternative procedures to a concurring review may, however, be directed to the Board.

Note: The Board intends that, during the period preceding the mandatory registration date, the Interim Quality Control Standards apply to public accounting firms that would be required to be registered after the mandatory registration date and to associated persons of those firms, as if those firms were registered public accounting firms.

[Effective pursuant to SEC Release Nos 33-8233 & 34-47746; April 25, 2003]

### **Rule 3500T. Interim Ethics Standards.**

In connection with the preparation or issuance of any audit report, a registered public accounting firm, and its associated persons, shall comply with ethics standards, as described in the AICPA's Code of Professional Conduct Rule 102, and interpretations and rulings thereunder, as in existence on April 16, 2003 (AICPA Professional Standards, ET §§ 102 and 191 (AICPA 2002)).



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Note: The Board intends that, during the period preceding the mandatory registration date, the Interim Ethics Standards apply to public accounting firms that would be required to be registered after the mandatory registration date and to associated persons of those firms, as if those firms were registered public accounting firms.

[Effective pursuant to SEC Release Nos 33-8233 & 34-47746; April 25, 2003]

### **Rule 3600T. Interim Independence Standards.**

In connection with the preparation or issuance of any audit report, a registered public accounting firm, and its associated persons, shall comply with independence standards –

(1) as described in the AICPA's Code of Professional Conduct Rule 101, and interpretations and rulings thereunder, as in existence on April 16, 2003 (AICPA Professional Standards, ET §§ 101 and 191 (AICPA 2002)); and

(2) Standards Nos. 1, 2, and 3, and Interpretations 99-1, 00-1, and 00-2, of the Independence Standards Board.

Note: The Board's Interim Independence Standards do not supercede the Commission's auditor independence rules. See Rule 2-01 of Reg. S-X, 17 C.F.R. 240.2-01. Therefore, to the extent that a provision of the Commission's rule is more restrictive – or less restrictive – than the Board's Interim Independence Standards, a registered public accounting firm must comply with the more restrictive rule.

Note: The Board intends that, during the period preceding the mandatory registration date, the Interim Independence Standards apply to public accounting firms that would be required to be registered after the mandatory registration date and to associated persons of those firms, as if those firms were registered public accounting firms.

[Effective pursuant to SEC Release Nos 33-8233 & 34-47746; April 25, 2003]

## **SECTION 4. INSPECTIONS**

[Reserved]

## **SECTION 5. INVESTIGATIONS AND DISCIPLINARY PROCEEDINGS**

[Reserved]

**SECTION 7. FUNDING**

**Rule 7000. [Reserved]**

[Reserved]

**Rule 7100. Accounting Support Fee.**

The Board shall calculate an accounting support fee each year. The accounting support fee shall equal the budget of the Board, as approved by the Commission, less the sum of all registration fees and annual fees received during the preceding calendar year from public accounting firms, pursuant to Section 102(f) of the Act and the Rules of the Board.

[Effective pursuant to SEC Release No. 34-48278; File No. PCAOB-2003-02; August 1, 2003]

**Rule 7101. Allocation of Accounting Support Fee.**

**(a) Classes of Issuers**

For purposes of allocating the accounting support fee, those entities that are issuers as of the date the accounting support fee is calculated under Rule 7100 shall be divided into four classes:

**(1) Equity Issuers**

All issuers whose average, monthly issuer market capitalization during the preceding calendar year is greater than \$25 million, other than those described in paragraphs (a)(2) and (a)(3) of this Rule, and whose share price on a monthly, or more frequent, basis is publicly available.

Note: Average, monthly market capitalization will be based on closing stock prices on the closest trading day on or before the last day of each calendar month measured.

**(2) Investment Company Issuers**

All issuers (i) who, as of the date the accounting support fee is calculated under Rule 7100, are registered under Section 8 of the Investment Company Act or have elected to be regulated as business development companies pursuant to Section 54 of the Investment Company Act, other than those described in paragraph (a)(3), (ii) whose average, monthly issuer market capitalization during the preceding calendar year is

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greater than \$250 million, and (iii) whose share price (or net asset value) on a monthly, or more frequent, basis is publicly-available.

Note: Average, monthly market capitalization will be based on closing stock prices on the closest trading day on or before the last day of each calendar month measured.

### **(3) Issuers Permitted Not to File Audited Financial Statements and Bankrupt Issuers that File Modified Reports**

All issuers that, as of the date the accounting support fee is calculated under Rule 7100, (i) have a basis, under a Commission rule or pursuant to other action of the Commission or its staff, not to file audited financial statements, (ii) are employee stock purchase, savings and similar plans, interests in which constitute securities registered under the Securities Act, or (iii) are subject to the jurisdiction of a bankruptcy court and satisfy the modified reporting requirements of Commission Staff Legal Bulletin No. 2.

Note: As of April 16, 2003, issuers within paragraph (a)(3)(i) of this Rule include (A) asset-backed issuers, (B) unit investment trusts, as defined in Section 4(2) of the Investment Company Act, that have not filed or updated a registration statement that became effective during the preceding year, and (C) Small Business Investment Companies registered on Form N-5 under the Investment Company Act, that have not filed or updated a registration statement that became effective during the preceding year.

### **(4) All Other Public Company Issuers**

All issuers other than those described in paragraphs (a)(1), (a)(2) or (a)(3) of this Rule.

### **(b) Allocation of Accounting Support Fee Among Issuers**

The accounting support fee shall be allocated among the classes in paragraph (a) of this Rule as follows:

#### **(1) Equity and Investment Company Issuers**

Each issuer described in paragraph (a)(1) and (a)(2) of this Rule shall be allocated a share of the accounting support fee in an amount equal to the accounting support fee multiplied by a fraction –

- (i) the numerator of which is the average, monthly market capitalization of the issuer during the preceding calendar year, except that for issuers described in paragraph (a)(2) of this Rule, the numerator is one-tenth of the average, monthly market capitalization of the issuer; and

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- (ii) the denominator of which is the sum of the average, monthly market capitalizations of the issuers described in paragraph (a)(1) of this Rule and one-tenth of the average, monthly market capitalizations of the issuers described in paragraph (a)(2) of this Rule.

### **(2) All Other Classes**

Each issuer described in paragraphs (a)(3) and (a)(4) of this Rule shall be allocated a share of the accounting support fee equal to \$0.

### **(c) Adjustments**

After the accounting support fee is calculated under Rule 7100 and allocated under this Rule, any adjustment to the share allocated to an issuer shall not affect the share allocated to any other issuer.

[Effective pursuant to SEC Release No. 34-48278; File No. PCAOB-2003-02; August 1, 2003]

## **Rule 7102. Assessment of Accounting Support Fee.**

### **(a) Amount of Assessment**

Each issuer is required to pay its share of the accounting support fee, as allocated under Rule 7101, rounded to the nearest hundred.

Note: If an issuer's share of the accounting support fee is less than \$50, that issuer will not be assessed. If the issuer's share of the accounting support fee is exactly \$50 more than a multiple of \$100, then the share will be rounded up to the nearest \$100.

### **(b) Notice of Assessment**

The Board will use its best efforts to send a notice to each issuer, either electronically or by first-class mail, at the address shown on such issuer's most recent periodic report filed with the Commission, at the address submitted to the Commission's EDGAR system, or at such other address as the issuer provides to the Board. The Board's failure to send an issuer a notice, or the issuer's failure to receive a notice sent by the Board, shall not constitute a waiver of the Board's right to assess such issuer for its share of the accounting support fee or of the issuer's responsibility to pay its share of the accounting support fee.

**(c) Petition for Correction**

Any issuer who disagrees with the class in which it has been placed, or with the calculation by which its share of the accounting support fee was determined, may petition the Board for a correction of the share of the accounting support fee it was allocated. Any such petition shall include an explanation of the nature of the claimed mistake in classification or calculation, in writing, on or before the 30th day after the notice is sent. After a review of such a petition, the Board will determine whether the allocation is consistent with Section 109 of the Act and the Board's rules thereunder and provide the issuer a written explanation of its decision. The provisions of Rule 7103 shall be suspended while such a petition is pending before the Board.

[Effective pursuant to SEC Release No. 34-48278; File No. PCAOB-2003-02; August 1, 2003]

**Rule 7103. Collection of Accounting Support Fee.**

**(a) Accounting Support Fee Payment Due Date**

Unless the Board directs otherwise, payment shall be due on the 30th day after the notice is sent. Beginning on the 31st day, payment shall be deemed past due and interest shall accrue at a rate of 6 percent per annum.

**(b) Confirmation of Payment of Accounting Support Fee by Registered Accounting Firm**

(1) Except as provided in paragraph (b)(2) of this Rule, no registered public accounting firm shall sign an unqualified audit opinion with respect to an issuer's financial statements, or issue a consent to include an audit opinion issued previously, unless the registered public accounting firm has ascertained that the issuer has outstanding no past-due share of the accounting support fee or has a petition pursuant to Rule 7102(c) pending.

(2) A registered public accounting firm may sign an unqualified audit opinion with respect to an issuer's financial statements, or issue a consent to include an audit opinion issued previously, even though the issuer has outstanding a past-due share of the accounting support fee and has not filed a petition under Rule 7102(c), if the issuer needs the report or consent in order to submit a report to, or make a filing with, the Commission or to issue securities. The issuer shall submit to the Board a notice of the signing of the opinion or issuance of the consent not later than the next business day after the filing is made with the Commission. This exception to paragraph (b)(1) of this Rule shall not continue 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, and may not be invoked for more than one such period with respect to any share of the accounting support fee that the issuer is assessed under Rule 7102.

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Note 1: A registered public accounting firm may ascertain that an issuer has no outstanding past-due share of the accounting support fee by obtaining a representation from the issuer or a confirmation from the Board that no past-due share of the accounting support fee is outstanding.

Note 2: A notice pursuant to paragraph (b)(2) of this Rule must be submitted electronically by email to rule7103stay@pcaobus.org.

### **(c) Report to the Commission of Non-payment of an Accounting Support Fee**

If an issuer has not paid its share of the accounting support fee by the 60th day after the notice was sent, and the issuer does not have a petition pursuant to Rule 7102(c) pending, the Board may send a second notice to such issuer by certified mail. If the Board has sent such a second notice and has not been paid by the 90th day after the original notice was sent, the Board may report the issuer's nonpayment to the Commission.

Note: Section 13(b)(2) of the Exchange Act provides, in part, that: "Every issuer which has a class of securities registered pursuant to section 12 of this title and every issuer which is required to file reports pursuant to section 15(d) of this title shall – \* \* \* (C) notwithstanding any other provision of law, pay the allocable share of such issuer of a reasonable accounting support fee or fees, determined in accordance with Section 109 of the Sarbanes-Oxley Act of 2002."

### **(d) Excess Fees**

If in any Board fiscal year, the Board receives fees in excess of the budget for that fiscal year, the Board shall hold those excess fees in escrow. Such escrowed excess fees shall be released to the Board at the beginning of the next fiscal year and shall reduce the Board's accounting support fee in that next fiscal year.

[Effective pursuant to SEC Release No. 34-48278; File No. PCAOB-2003-02; August 1, 2003]

### **Rule 7104. Service as Designated Collection Agent.**

If the Board is designated to serve as collection agent for an accounting support fee of a standard-setting body designated by the Commission pursuant to Section 19(b) of the Securities Act, the assessment and collection of the accounting support fee shall be governed by Rules 7102 and 7103 as if the accounting support fee of the standard-setting body were the accounting support fee of the Board.

[Effective pursuant to SEC Release No. 34-48278; File No. PCAOB-2003-02; August 1, 2003]

**APPENDIX**

**FORM 1 – APPLICATION FOR REGISTRATION**

GENERAL INSTRUCTIONS

1. The definitions in the *Board's rules* apply to this form. Italicized terms in the instructions to this form are defined in the *Board's rules*. See Rule 1001.
2. Any *public accounting firm* applying to the *Board* for registration pursuant to Section 102 of the *Act* must file this form with the *Board*. See Rule 2101.
3. In addition to these instructions, the *rules* contained in Section 2 of the *Board's rules* govern applications for registration. Please read these *rules* and the instructions carefully before completing this form.
4. Unless otherwise directed by the *Board*, applicants must submit this form, and all exhibits to the form, to the *Board* electronically by completing the Web-based version of Form 1. [Website details to be inserted before registration system is operational]. See Rule 2101.
5. This form must be accompanied by a registration fee in accordance with Section 102(f) of the *Act*. The amount of the required fee is available at [Website details to be inserted before registration system is operational]. An application for registration will not be deemed received by the *Board* until the registration fee has been paid. See Rule 2102.
6. An applicant may request confidential treatment of any portion of its application for registration that has not otherwise been publicly disclosed and that either contains information reasonably identified by the applicant as proprietary information or that is protected from public disclosure by applicable laws related to confidentiality of proprietary, personal, or other information. An applicant that requests confidential treatment must identify the portion of the application that it desires to keep confidential, and include, as Exhibit 99.1 to the application for registration, a detailed explanation as to why, based on the facts and circumstances of the particular case, the information is proprietary or is protected from disclosure by applicable laws related to the confidentiality of proprietary, personal, or other information. The *Board* will normally grant confidential treatment requests for information concerning non-public disciplinary proceedings. The *Board* will determine whether or not to grant other confidential treatment requests on a case-by-case basis. See Rule 2300(c).
7. If an applicant is prohibited by the law(s) of a non-U.S. jurisdiction from submitting to the *Board* information requested by all or a part of an Item to this form, the applicant shall so indicate by making a notation under the relevant item

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number of the form and furnishing, as Exhibit 99.2 to the application for registration, the following information: (i) a copy of the relevant portion of the conflicting non-U.S. law, (ii) a legal opinion that submitting the information would cause the applicant to violate the conflicting non-U.S. law; and (iii) an explanation of the applicant's efforts to seek consents or waivers to eliminate the conflict, if the withheld information could be provided to the *Board* with a consent or waiver, and a representation that the applicant was unable to obtain such consents or waivers to eliminate the conflict.

8. Where this form requires disclosure of a sum of money, such amount must be stated in U.S. dollars and rounded to the nearest thousand. If such amount was received or paid in a currency other than U.S. dollars, the amount must be converted to U.S. dollars.
9. Where this form requires non-historical (i.e., current) information, applicants may submit the information as of a date not earlier than 90 days prior to submission of the application. Such information will be deemed current for purposes of this form.
10. Information submitted as part of this form, including any exhibit to this form, must be in the English language.

### **PART I – IDENTITY OF THE APPLICANT**

#### Item 1.1 Name of Applicant

State the legal name of the applicant; if different, also state the name or names under which the applicant (or any predecessor for which the applicant is the successor in interest with respect to the entity's liabilities) issues *audit reports*, or has issued any *audit report* during the five years prior to the date of this application.

#### Item 1.2 Applicant Contact Information

State the physical address (and, if different, mailing address) of the applicant's headquarters office. State the telephone number and facsimile number of the applicant's headquarters office. If available, state the Website address of the applicant.

#### Item 1.3 Primary Contact and Signatories

State the name, title, physical business address (and, if different, business mailing address), telephone number, fax number, and e-mail address of a partner or authorized officer of the applicant who will serve as the applicant's primary contact with the *Board* regarding this application. Provide the same information for every person whose



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signature appears in Part VIII or Part IX of this form, if any of those persons are different from the primary contact.

### Item 1.4 Applicant's Form of Organization

State the applicant's legal form (e.g., proprietorship, partnership, limited liability partnership) and the jurisdiction (e.g., the *state* of the United States or comparable non-U.S. jurisdiction) under the law of which the applicant is organized or exists.

### Item 1.5 Applicant's Offices

If the applicant has more than one office, furnish, as Exhibit 1.5, the physical address (and, if different, mailing address) of each of the applicant's offices.

### Item 1.6 *Associated Entities* of Applicant

State the name and physical address (and, if different, mailing address) of all *associated entities* of the applicant that engage in the practice of public accounting or preparing or issuing *audit reports*, or comparable reports prepared for clients that are not *issuers*. Do not include any person listed in Item 7.1.

### Item 1.7 Applicant's Licenses

List every license or certification number issued to the applicant authorizing it to engage in the business of auditing or accounting. For each such license or certification number, furnish the name of the issuing *state*, agency, board, or other authority.

## **PART II – LISTING OF APPLICANT'S PUBLIC COMPANY AUDIT CLIENTS AND RELATED FEES**

### Item 2.1 *Issuers* for Which Applicant Prepared *Audit Reports* During the Preceding Calendar Year

List the names of all *issuers* for which the applicant prepared or issued any *audit report* dated during the calendar year preceding the calendar year in which this application is filed. In addition to the *issuer's* name, this list must include, with respect to each *issuer*

- a. The *issuer's* business address (as shown on its most recent filing with the *Commission*).
- b. The date of the *audit report*.
- c. The total amount of fees billed for *audit services* for the *issuer's* fiscal year for which the *audit report* was issued.

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- d. The total amount of fees billed for *other accounting services* for the *issuer's* fiscal year for which the *audit report* was issued.
- e. The total amount of fees billed for *non-audit services* for the *issuer's* fiscal year for which the *audit report* was issued.

Note: Only fees billed by the principal accountant (i.e., the *public accounting firm* that issued the *audit report*) need be disclosed in response to this Item. To the extent not previously disclosed or known by the applicant, estimated amounts may be used in responding to this Item. For investment company *issuers*, the fees disclosed in response to paragraphs (c) – (e) of this Item should include all fees for services rendered to the *issuer*, to the *issuer's* investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and to any entity controlling, controlled by, or under common control with, the adviser that provides ongoing services to the *issuer*.

### Item 2.2 *Issuers* for Which Applicant Prepared *Audit Reports* During the Current Calendar Year

List the names of all *issuers* for which the applicant prepared or issued any *audit report* dated during the current calendar year. (Do not include *audit reports* the applicant expects to prepare or issue during this calendar year, but that have not yet been issued. These are called for in Item 2.3 below.) In addition to the *issuer's* name, include, with respect to each *issuer* –

- a. The *issuer's* business address (as shown on its most recent filing with the *Commission*).
- b. The date of the *audit report*.
- c. The total amount of fees billed for *audit services* for the *issuer's* fiscal year for which the *audit report* was issued.
- d. The total amount of fees billed for *other accounting services* for the *issuer's* fiscal year for which the *audit report* was issued.
- e. The total amount of fees billed for *non-audit services* for the *issuer's* fiscal year for which the *audit report* was issued.

Note: Only fees billed by the principal accountant (i.e., the *public accounting firm* that issued the *audit report*) need be disclosed in response to this Item. To the extent not previously disclosed or known by the applicant, estimated amounts may be used in responding to this Item. For investment company *issuers*, the

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fees disclosed in response to paragraphs (c) – (e) of this Item should include all fees for services rendered to the *issuer*, to the *issuer's* investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and to any entity controlling, controlled by, or under common control with, the adviser that provides ongoing services to the *issuer*.

### Item 2.3 *Issuers for Which Applicant Expects to Prepare Audit Reports During the Current Calendar Year*

List the names of all *issuers* for which the applicant expects to prepare or issue any *audit report* dated during the calendar year in which this application is filed. In addition to the *issuer's* name, include, with respect to each *issuer*, the *issuer's* business address (as shown on its most recent filing with the *Commission*).

Note: An applicant may presume that it is expected to prepare or issue an *audit report* for an *issuer* (i) if it has been engaged to do so, or (ii) if it issued an *audit report* during the preceding calendar year for an *issuer*, absent an indication from the *issuer* that it no longer intends to engage the applicant.

### Item 2.4 *Issuers for Which Applicant Played, or Expects to Play, a Substantial Role in Audit*

For applicants that did not prepare or issue an *audit report* dated during the preceding or current calendar year, and that do not expect to prepare or issue an *audit report* dated during the current calendar year, list the names of all *issuers* for which the applicant *played, or expects to play, a substantial role in the preparation or furnishing of an audit report* dated during the preceding or current calendar year. In addition to the *issuer's* name, this list must include, with respect to each *issuer* –

- a. The *issuer's* business address (as shown on its most recent filing with the *Commission*).
- b. The name of the *public accounting firm* that issued, or is expected to issue, the *audit report*.
- c. The date of the *audit report*, if it has been issued.
- d. The type of substantial role played by the applicant with respect to the *audit report*.

Note: Applicants that disclosed the name of an *issuer* in response to any of Items 2.1 – 2.3 need not respond to this Item. In responding to the part of this Item that asks about *issuers* for which the applicant expects to *play a substantial*

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*role in the preparation or furnishing of an audit report*, an applicant may presume that it is *expected to play a substantial role in the preparation or furnishing of an audit report* for an *issuer* (i) if it has been engaged to do so, or (ii) if it *played a substantial role in the preparation and furnishing of an audit report* during the preceding calendar year, absent an indication from the *issuer* or principal accounting firm that it no longer intends to engage the applicant.

### **PART III – [RESERVED]**

### **PART IV – STATEMENT OF APPLICANT'S QUALITY CONTROL POLICIES**

#### Item 4.1 Applicant's Quality Control Policies

Furnish, as Exhibit 4.1, a narrative, summary description, in a clear, concise and understandable format, of the quality control policies of the applicant for its accounting and auditing practices, including procedures used to monitor compliance with independence requirements.

### **PART V – LISTING OF CERTAIN PROCEEDINGS INVOLVING THE APPLICANT**

#### Item 5.1 Certain Criminal, Civil and Administrative Proceedings

- a. Indicate whether or not the applicant or any *associated person* of the applicant is a defendant or respondent –
  1. in any pending criminal proceeding, or was a defendant in any such proceeding in which a judgment was rendered against the applicant or such person, whether by plea or after trial, during the previous five years;
  2. in any pending civil or alternative dispute resolution proceeding initiated by a governmental entity (including a non-U.S. jurisdiction) arising out of the applicant's or such person's conduct in connection with an *audit report*, or a comparable report prepared for a client that is not an *issuer*, or was a defendant or respondent in any such proceeding in which a judgment or award was rendered against the applicant or such person, whether by consent or otherwise, during the previous five years;
  3. in any pending administrative or disciplinary proceeding arising out of the applicant's or such person's conduct in connection with an *audit report*, or a comparable report prepared for a client that is not an *issuer*, or was a respondent in any such proceeding in which a finding of violation was rendered, or a sanction entered, against the applicant or such person, whether by consent or otherwise, during

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the previous five years. Administrative or disciplinary proceedings include those of the *Commission*; the *Board*; any other federal, *state*, or non-U.S. agency, board, or administrative or licensing authority; and any professional association or body. Investigations that have not resulted in the commencement of a proceeding need not be included;

- b. In the event of an affirmative response to Item 5.1.a, furnish the following information with respect to each such proceeding:
1. The name, filing date, and case or docket number of the proceeding.
  2. The name and address of the court, tribunal, or body in which such proceeding was filed.
  3. The names of all defendants or respondents in such proceeding who are also the applicant, any person listed in Part VII, or any *person associated with the applicant* at the time that the events in question occurred.
  4. The name of the *issuer* or other client that was the subject of the *audit report* or comparable report.
  5. With respect to each person named in Item 5.1.b.3, the statutes, rules, or other requirements such person was found to have violated (or, in the case of a pending proceeding, is charged with having violated).
  6. With respect to each person named in Item 5.1.b.3, the outcome of the proceeding, including any sentence or sanction imposed. (If no judgment or award has yet been rendered, enter the word "pending.")

Note: *Foreign public accounting firm* applicants need only disclose such proceedings for the applicant and any proprietor, partner, principal, shareholder, officer, or manager of the applicant who provided at least ten hours of *audit services* for any *issuer* during the last calendar year.

### Item 5.2 Pending Private Civil Actions

- a. Indicate whether or not the applicant or any *associated person* of the applicant is a defendant or respondent in any pending civil proceeding or alternative dispute resolution proceeding initiated by a non-governmental entity involving conduct in

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connection with an *audit report*, or a comparable report prepared for a client that is not an *issuer*.

- b. In the event of an affirmative response to Item 5.2.a, furnish the following information with respect to each such proceeding:
1. The name, filing date, and case or docket number of the proceeding.
  2. The name and address of the court, tribunal or body in which such proceeding was filed.
  3. The names of all defendants or respondents in such proceeding who are also the applicant, any person listed in Part VII, or any *person associated with the applicant* at the time that the events in question occurred.
  4. The name of the *issuer* or other client that was the subject of the *audit report* or comparable report.
  5. With respect to each person named in Item 5.2.b.3, the statutes, rules, or other requirements such person is alleged to have violated.

Note: *Foreign public accounting firm* applicants need only disclose such proceedings for the applicant and any proprietor, partner, principal, shareholder, officer, or manager of the applicant who provided at least ten hours of *audit services* for any *issuer* during the last calendar year.

### Item 5.3 Applicant's Discretionary Statement Regarding Proceedings Involving the Applicant's Audit Practice

With respect to any case or proceeding listed in response to Items 5.1 or 5.2, the applicant may, at its discretion, furnish, as Exhibit 5.3, a statement or statements describing the proceeding and the reasons that, in the applicant's view, such proceeding should not be a basis for the denial of its application for registration.

## **PART VI – LISTING OF FILINGS DISCLOSING ACCOUNTING DISAGREEMENTS WITH PUBLIC COMPANY AUDIT CLIENTS**

### Item 6.1 Existence of Disagreements With *Issuers*

- a. Indicate whether or not the applicant has been the former accountant with respect to any disclosure of a disagreement with an *issuer* made by such *issuer*

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during the current or preceding calendar year in a filing with the *Commission* pursuant to Item 304(a)(1)(iv) of Regulation S-K, 17 C.F.R. 229.304(a)(1)(iv).

- b. Indicate whether or not the applicant has been the former accountant with respect to any filing made by an *issuer* during the current or preceding calendar year with the *Commission* containing a letter submitted by the applicant to the *Commission* pursuant to Item 304(a)(3) of Regulation S-K, 17 C.F.R. 229.304(a)(3), in which the applicant stated that it disagreed with a statement of the issuer in response to Item 304(a).

### Item 6.2 Listing of Disagreements With *Issuers*

In the event of an affirmative response to Items 6.1.a or 6.1.b, furnish the following information with respect to each such filing:

- a. The name of the *issuer*.
- b. The name and date of the filing containing the disclosure of the disagreement or the applicant's letter.

### Item 6.3 Copies of Filings

Furnish, as Exhibit 6.3, a copy of every filing described in Item 6.2.

## PART VII – ROSTER OF ASSOCIATED ACCOUNTANTS

### Item 7.1 Listing of *Accountants* Associated with Applicants

List the names of all *accountants* associated with the applicant who participate in or contribute to the preparation of *audit reports*. For each such person, list every license or certification number (if any) authorizing him or her to engage in the business of auditing or accounting. For each such license or certification number, furnish the name of the issuing *state*, agency, board, or other authority.

Note: For purposes of this Item, applicants that are not *foreign public accounting firms* must list all *accountants* who are *persons associated with the applicant* and who provided at least ten hours of *audit services* for any *issuer* during the last calendar year. Applicants that are *foreign public accounting firms* must list all *accountants* who are a proprietor, partner, principal, shareholder, officer, or manager of the applicant and who provided at least ten hours of *audit services* for any *issuer* during the last calendar year.

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### Item 7.2 Number of Firm Personnel

State the –

- a. Total number of *accountants* employed by the applicant.
- b. Total number of certified public accountants, or *accountants* with comparable licenses from non-U.S. jurisdictions, employed by the applicant.
- c. Total number of personnel employed by the applicant.

### **PART VIII – CONSENTS OF APPLICANT**

#### Item 8.1 Consent to Cooperate with the *Board* and Statement of Acceptance of Registration Condition

Furnish, as Exhibit 8.1, a statement, signed on behalf of the applicant by an authorized partner or officer of the applicant in accordance with Rule 2104, in the following form –

- a. [Name of applicant] consents to cooperate in and comply with any request for testimony or the production of documents made by the Public Company Accounting Oversight Board in furtherance of its authority and responsibilities under the Sarbanes-Oxley Act of 2002.
- b. [Name of applicant] agrees to secure and enforce similar consents from each of its *associated persons* as a condition of their continued employment by or other association with the firm.
- c. [Name of applicant] understands and agrees that cooperation and compliance, as described in the firm's consent in paragraph (a), and the securing and enforcement of such consents from its *associated persons* in accordance with paragraph (b), shall be a condition to the continuing effectiveness of the registration of the firm with the Public Company Accounting Oversight Board.

Note 1: Other than the insertion of the name of the applicant in paragraphs (a), (b), and (c) of this Item, Exhibit 8.1 must be in the exact words contained in this instruction. The consents required by paragraph (b) of this Item must be in the exact words of Note 2 below and must be secured by the applicant not later than 45 days after submitting this application or, for persons who become *associated persons* of the firm subsequent to the submission of this application, at the time of the person's association with the firm. Consents required by paragraph (b) of this Item are not required to be furnished as an exhibit to this form.



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Note 2: Other than the insertion of the name of the *associated person*, the consents required by paragraph (b) of this Item must state: [Name of *associated person*] consents to cooperate in and comply with any request for testimony or the production of documents made by the Public Company Accounting Oversight Board in furtherance of its authority and responsibilities under the Sarbanes-Oxley Act of 2002. [Name of *associated person*] understands and agrees that this consent is a condition of their continued employment by or other association with [name of applicant].

Note 3: For applicants that are *foreign public accounting firms*, the term "*associated persons*" as used in this Item means all *accountants* who are a proprietor, partner, principal, shareholder, officer, or manager of the applicant and who provided at least ten hours of *audit services* for any *issuer* during the last calendar year.

### **PART IX – SIGNATURE OF APPLICANT**

#### Item 9.1 Signature of Partner or Authorized Officer

The application must be signed on behalf of the applicant by an authorized partner or officer of the applicant in accordance with Rule 2104. The signer must certify that he or she has reviewed the application; that the application is, based on the signer's knowledge, complete and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading, and that the signer is authorized to execute the application on behalf of the applicant. The signature must be accompanied by the name of the signer, the capacity in which the signer signed the application, and the date of signature.

### **PART X – EXHIBITS**

To the extent applicable under the foregoing instructions, each application must be accompanied by the following exhibits:

Exhibit 1.5 Listing of Offices

Exhibit 4.1 Statement of Quality Control Policies

Exhibit 5.3 Discretionary Statements Regarding Proceedings Involving Audit Practice

Exhibit 6.3 Securities and Exchange Commission Filings Disclosing Accounting Disagreements With Public Company Audit Clients

Exhibit 8.1 Consent of Applicant for Registration

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Exhibit 99.1 Request for Confidential Treatment

Exhibit 99.2 Evidence of Conflicting Non-U.S. Law

Note: Where an exhibit consists of more than one document, each document must be numbered consecutively (e.g., Exhibit 4.1.1, Exhibit 4.1.2, Exhibit 4.1.3, etc.), and the applicant must provide a list of the title or description of each document comprising the exhibit.

[Effective pursuant to SEC Release No. 34-48180; File No. PCAOB-2003-03; July 16, 2003]