

## PCAOB Adopts Rule Amendment on the Timing of Certain Non-U.S. Inspections

Washington, DC, June 25, 2009 – The PCAOB today voted to adopt an amendment to a rule on the timing of certain inspections of registered non-U.S. public accounting firms.

The amendment to PCAOB Rule 4003(g), which was proposed for public comment in December 2008, gives the Board the ability to postpone, for up to three years, the first inspection of any foreign registered public accounting firm that the Board is otherwise required to conduct before the end of 2009 and that is in a jurisdiction in which the Board has not conducted an inspection prior to 2009.

“While the rule adopted today will result in a limited delay in the inspection of certain firms, the delay gives the Board the necessary time to conduct these inspections cooperatively with the Board’s non-U.S. counterparts, consistent with the Board’s approach to international inspections and its focus on investor protection globally,” said PCAOB Chairman Mark W. Olson.

The Board conducts inspections of registered firms pursuant to requirements of the Sarbanes-Oxley Act of 2002, including inspection-frequency requirements. The Act permits the Board to adjust those frequency requirements by rule if the Board finds that a different inspection schedule is consistent with the purposes of the Act, the public interest, and the protection of investors. The frequency requirements adopted by the Board are set out in PCAOB Rule 4003.

The release describes the Board’s efforts related to performing inspections of non-U.S. firms, such as potential legal conflicts and other concerns of local authorities. It notes that, to date, the Board has conducted 140 inspections of non-U.S. firms in 26 jurisdictions.

The release also describes particular challenges to the Board’s ability to conduct some non-U.S. inspections in 2009. The adopted amendment to Rule 4003 relates to the timing of those inspections and gives the Board the ability to postpone the current 2009 deadline for the first inspection of 49 non-U.S. firms that are located in 24 jurisdictions in which the Board has yet to conduct any inspections.

Under the new rule, the Board will conduct those inspections over the period of time from 2009 to 2012, according to a specific schedule that is prioritized according to the market capitalization of the firms’ issuer clients. For example, by the end of 2009, the Board will inspect firms whose combined audit clients’ U.S. market capitalization makes up 35 percent of the aggregate U.S. market capitalization of the audit clients of all 49 firms. By year-end 2010, the Board will have completed inspections of firms whose clients make up 90 percent of that aggregate market capitalization. By year-end 2011, that number will reach 99.9 percent of clients’ aggregate market capitalization of registered firms inspected, and the Board will inspect the remaining firms in 2012.

The rule does not extend the deadline for other non-U.S. inspections currently required this year.

The Board’s release today also discusses a new transparency measure that the PCAOB intends to take that relates to the new rule. The Board will post a list of registered firms that have not yet had their first PCAOB inspection, even though more than four years have passed since the end of the calendar year in which they first issued an audit report while registered with the Board. This particular list will be updated in January and July of each year.

Rhonda K. Schnare, PCAOB Director of International Affairs, said, “In addition to being an important tool for accountability, these transparency measures implemented by the Board will provide the public with important information about the status of the Board’s international inspection program.”

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Today's release also summarizes comment letters received discussing the obligation of non-U.S. firms to cooperate with PCAOB inspection demands; and the possibility that, in some cases, non-U.S. firms might decline to provide information due to a concern that doing so could violate their local laws.

The Board will submit the rule to the Securities and Exchange Commission for approval. The rule takes effect upon Commission approval.

The Board's release adopting this rule, along with the text of the rule, can be found on the Board's Web site at [http://www.pcaobus.org/Rules/Docket\\_027/index.aspx](http://www.pcaobus.org/Rules/Docket_027/index.aspx) (Docket Matter No. 027). A Podcast and an archive of the Webcast of this Open Meeting will be available on the Web site later today.

Media Inquiries: Public Affairs, 202-207-9227

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