

Administrative Overview, Organization, and Process

Ken Lench, Office of General Counsel
PCAOB Investor Advisory Group Meeting
June 8, 2022

STATUTORY AUTHORITY FOR ADVISORY GROUPS

- Section 103 of the Sarbanes-Oxley Act of 2002, as amended (the “Act”)
- Section 101 of the Act
- Section 29-406.25(h) of the D.C. Nonprofit Corporation Act

PCAOB RULE 3700

- Adopted by the Board and approved by the SEC in 2003
- Governs the formation, composition, and role of advisory groups
- Calls for certain ethical duties to apply to advisory groups members

THE IAG CHARTER: INTRODUCTION

- Adopted March 29, 2022
- Eighteen sections
- Focus here on key features
- Please be sure to read and refer to the charter itself

THE IAG CHARTER: PURPOSE AND DUTIES

- Charter Sections I and III
- To providing the Board with:
 - advice;
 - investors' perspectives; and
 - information, views, perspectives and recommendations to the Board on the PCAOB's oversight activities

THE IAG CHARTER: MEMBERSHIP

- Charter Sections V through VIII address aspects of membership
- Charter Sections V, VI, VIII, and IX: ethics-related matters
- Under Charter Section VI, membership is personal; and member duties may not be delegated to others
- Charter Section VI establishes the number and qualifications of IAG members
- Two cohorts with staggered terms
- Charter Section VI: membership overlap with SEIAG

IAG CHARTER: LEADERSHIP AND AGENDAS

- Charter Sections X through XII address IAG leadership, agendas, and meetings
 - The Board has appointed Board Member Kara Stein as the Board-appointed Acting Co-Chair
 - The IAG is tasked to appoint the other Co-Chair (removable at the discretion of the IAG or the Board) from among its members
- IAG Co-Chairs' responsibilities
- Meeting agendas

IAG CHARTER: MEETINGS

- Charter Section XII calls for the activities and meetings generally to be public –
 - No expectation of privacy in connection with your participation, which we anticipate will be recorded, made publicly available, and preserved for posterity
- At least two public meetings per calendar year
- Possible additional meetings -- public or nonpublic
 - Nonpublic meetings generally closed to the public, but open to IAG Members, observers, invited experts, Board Members, and PCAOB staff
- Quorum

IAG CHARTER: MEETINGS (CONTINUED)

- Meeting secretary
- Nonpublic information may not be discussed at any public meeting absent advance Board approval
- Experts and observers
- Charter Section XV: Notice for meetings
- Charter Sections XVI & XVII: Voting and applicable procedural rules during meetings

IAG CHARTER: SUBCOMMITTEES/TASK FORCES

- Charter Sections XIII and XIV address subcommittees as well as task forces
- Subcommittees – comprised of IAG members only
- Task Forces – may include non-IAG members

QUESTIONS/COMMENTS

