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Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions

In the Matter of B S R & Co. LLP,

Respondent.

PCAOB Release No. 105-2024-044

November 19, 2024

By this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions (“Order”), the Public Company Accounting Oversight Board (“Board” or “PCAOB”) is:

- (1) censuring B S R & Co. LLP (“BSR,” “Firm,” or “Respondent”);
- (2) imposing a \$25,000 civil money penalty on BSR; and
- (3) requiring BSR to comply with its policies and procedures directed toward ensuring compliance with PCAOB reporting requirements.

The Board is imposing these sanctions on the basis of its findings that BSR failed to disclose certain reportable events to the PCAOB on Form 3, *Special Report*, on a timely basis.

I.

The Board deems it necessary and appropriate, for the protection of investors and to further the public interest in the preparation of informative, accurate, and independent audit reports, that disciplinary proceedings be, and hereby are, instituted pursuant to Section 105(c) of the Sarbanes-Oxley Act of 2002, as amended (“Act”), and PCAOB Rule 5200(a)(1) against Respondent.

II.

In anticipation of the institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondent has submitted an Offer of Settlement (“Offer”) that the Board has determined to accept. Solely for purposes of these proceedings and any other proceedings brought by or on behalf of the Board, or to which the Board is a party, and without admitting or

denying the findings herein, except as to the Board’s jurisdiction over Respondent and the subject matter of these proceedings, which is admitted, Respondent consents to entry of this Order as set forth below.¹

III.

On the basis of Respondent’s Offer, the Board finds that:

A. Respondent

1. **BSR & Co. LLP** is a public accounting firm organized under the laws of India. BSR is headquartered in Mumbai and is licensed to practice public accounting by the Institute of Chartered Accountants of India (license no. 101248W/W-100022). BSR is a member firm of the KPMG International Limited network and is, and at all relevant times was, registered with the Board pursuant to Section 102 of the Act and PCAOB rules.

B. Summary

2. This matter concerns BSR’s failure to timely disclose to the PCAOB on Form 3 three reportable events concerning three disciplinary proceedings brought against it and certain firm personnel by a local regulator (the “Regulator”).² PCAOB rules require registered firms, including BSR, to complete and file with the PCAOB a special report on Form 3 to report any event specified in that form within thirty days of the event’s occurrence. Among the events that BSR is required to report on Form 3 are the Firm becoming aware that it or certain of its personnel have become respondents in certain disciplinary proceedings.

3. Between December 2020 and January 2024, the Regulator initiated three separate disciplinary proceedings against the Firm and/or Firm personnel pertaining to audit work they performed.

4. The initiation of each of these proceedings constituted a reportable event under Form 3, but BSR failed to report them on Form 3 until after the applicable deadlines.

¹ The findings herein are made pursuant to Respondent’s Offer and are not binding on any other person or entity in this or any other proceeding.

² Pursuant to PCAOB Rule 2300(b)(1), a registered accounting firm “may request confidential treatment of information on” Form 3. BSR requested confidential treatment of certain information concerning the relevant proceedings initiated by the Regulator when belatedly filing a Form 3 to report those proceedings on June 26, 2024. Accordingly, the Board has anonymized the regulator and clients involved in the proceedings.

C. Respondent Failed to Timely Disclose Certain Reportable Events to the Board, in Violation of PCAOB Rules

5. PCAOB Rule 2203 provides that a registered public accounting firm must file a special report on Form 3 to report any event specified in that form within thirty days of the event's occurrence.³ One such specified event occurs when a firm "has become aware that, in a matter arising out of the Firm's conduct in the course of providing professional services for a client, the Firm has become a defendant or respondent in a civil or alternative dispute resolution proceeding initiated by a governmental entity or in an administrative or disciplinary proceeding other than a Board disciplinary proceeding."⁴

6. Another reportable event occurs when a firm "has become aware that, in a matter arising out of his or her conduct in the course of providing professional services for a client, a partner, shareholder, principal, owner, member, or audit manager of the Firm who provided at least ten hours of audit services for any issuer, broker, or dealer during the Firm's current fiscal year or its most recently completed fiscal year has become a defendant or respondent in a civil or alternative dispute resolution proceeding initiated by a governmental entity or in an administrative or disciplinary proceeding other than a Board disciplinary proceeding."⁵

7. In December 2020, the Regulator initiated a disciplinary proceeding against a member of the Firm pertaining to professional services performed in connection with an audit ("December 2020 Proceeding").

8. In September 2023, the Regulator initiated a disciplinary proceeding against the Firm and two of its members pertaining to professional services performed for a Firm client ("September 2023 Proceeding").

9. In January 2024, the Regulator initiated a disciplinary proceeding against a member of the Firm pertaining to professional services performed in connection with an audit ("January 2024 Proceeding").

³ See PCAOB Rule 2203, *Special Reports*. As the Board noted when adopting its rules on special reporting, "reportable events will sometimes occur, and the public interest, as well as the ability to consider whether prompt action is warranted by the Board's inspection staff or enforcement staff, will be served by contemporaneous reporting of the event." *Rules on Periodic Reporting by Registered Public Accounting Firms*, PCAOB Rel. No. 2008-004, at 17 (June 10, 2008).

⁴ PCAOB Form 3, at Item 2.7 (italics in the original removed).

⁵ PCAOB Form 3, at Item 2.9 (italics in the original removed).

10. The initiation of each of these proceedings constituted a reportable event under Form 3. Accordingly, the Firm was required to report those events to the PCAOB on Form 3 within thirty days of their occurrence.⁶ However, despite learning of the initiation of each proceeding on or around the date it was initiated, the Firm failed to report each of these events until June 26, 2024. That filing came over 3 years after the initiation of the December 2020 Proceeding, 8 months after the initiation of the September 2023 Proceeding, and 4 months after the January 2024 Proceeding.

11. BSR's internal compliance and reporting systems failed to identify the initiation of the three proceedings as being reportable to the PCAOB on Form 3 on a timely basis. As a result, BSR inappropriately failed to notify the PCAOB of three reportable events concerning relevant disciplinary proceedings by the applicable deadline, in violation of PCAOB Rule 2203.

IV.

12. BSR has represented to the Board that, since the events described in this Order, it has established and implemented the following changes to its policies and procedures for the purpose of providing BSR with reasonable assurance of compliance with PCAOB reporting requirements:

- a. BSR has supplemented its policies and procedures and initiated a process to further enhance its internal documentation and reference materials for the purpose of providing BSR with reasonable assurance of compliance with PCAOB reporting requirements, including policies and procedures providing reasonable assurance that reportable events are identified by the personnel who participate in BSR's PCAOB reporting process and that those events are reported on the applicable PCAOB form in a timely and complete manner;
- b. BSR has provided additional education on Form 3 reporting requirements to personnel who participate in BSR's PCAOB reporting process and will ensure training concerning PCAOB reporting requirements is provided, at least annually, to any personnel who participate in BSR's PCAOB reporting process; and
- c. BSR has assigned the role of compliance with PCAOB reporting matters to a team of individuals that support BSR and who possess adequate knowledge and experience with PCAOB reporting requirements and sufficient authority to fulfill those requirements on behalf of BSR.

⁶ See PCAOB Rule 2203(a).

V.

In view of the foregoing, and to protect the interests of investors and further the public interest in the preparation of informative, accurate and independent audit reports, the Board determines it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED that:

- A. Pursuant to Section 105(c)(4)(E) of the Act and PCAOB Rule 5300(a)(5), BSR is hereby censured.
- B. Pursuant to Section 105(c)(4)(D) of the Act and PCAOB Rule 5300(a)(4), a civil money penalty in the amount of \$25,000 is imposed upon BSR.
 1. All funds collected by the PCAOB as a result of the assessment of this civil money penalty will be used in accordance with Section 109(c)(2) of the Act.
 2. BSR shall pay this civil money penalty within ten days of the issuance of this Order by (1) wire transfer in accordance with instructions furnished by PCAOB staff; or (2) United States Postal Service money order, bank money order, certified check, or bank cashier's check (a) made payable to the Public Company Accounting Oversight Board, (b) delivered to the Office of Finance, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006, and (c) submitted under a cover letter, which identifies BSR as a respondent in these proceedings, sets forth the title and PCAOB release number of these proceedings, and states that payment is made pursuant to this Order, a copy of which cover letter and money order or check shall be sent to Office of the Secretary, Attention: Phoebe W. Brown, Secretary, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006.
 3. If timely payment is not made, interest shall accrue at the federal debt collection rate set for the current quarter pursuant to 31 U.S.C. § 3717. Payments shall be applied first to post-Order interest.
 4. With respect to any civil money penalty amounts that BSR shall pay pursuant to this Order, BSR shall not, directly or indirectly, (a) seek or accept reimbursement or indemnification from any source including, but not limited to, any current or former affiliated firm or professional or any payment made pursuant to any insurance policy; (b) claim, assert, or apply for a tax deduction or tax credit in connection with any federal, state, local, or foreign tax; nor (c) seek or benefit by any offset or reduction of any award of

compensatory damages, by the amount of any part of BSR's payment of the civil money penalty pursuant to this Order, in any private action brought against BSR based on substantially the same facts as set out in the findings in this Order.

5. BSR understands that failure to pay the civil money penalty described above may result in summary suspension of BSR's registration, pursuant to PCAOB Rule 5304(a), following written notice to BSR at the address on file with the PCAOB at the time of the issuance of this Order.
- C. Pursuant to Section 105(c)(4)(G) of the Act and PCAOB Rule 5300(a)(9), BSR is required to comply with its PCAOB reporting policies and procedures, including:
1. those intended to provide reasonable assurance that reportable events are identified by the personnel who participate in BSR's PCAOB reporting process and that those events are reported on the applicable PCAOB form in a timely and complete manner;
 2. those ensuring training concerning PCAOB reporting requirements, at least annually, of any personnel who participate in BSR's PCAOB reporting process; and
 3. those assigning the role of compliance with PCAOB reporting matters to a team of individuals that support BSR and possess adequate knowledge and experience with PCAOB reporting requirements and sufficient authority to fulfill those requirements on behalf of BSR.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

November 19, 2024