



RESCISSION OF PCAOB RELEASE NO. 2010-007 (CONSIDERATION OF REGISTRATION APPLICATIONS FROM PUBLIC ACCOUNTING FIRMS IN NON-U.S. JURISDICTIONS WHERE THERE ARE UNRESOLVED OBSTACLES TO PCAOB INSPECTIONS)

PCAOB Release No. 2025-001
February 4, 2025

I. INTRODUCTION

The Public Company Accounting Oversight Board (“PCAOB” or “Board”) hereby rescinds PCAOB Release No. 2010-007, [Consideration of Registration Applications from Public Accounting Firms in Non-U.S. Jurisdictions Where There are Unresolved Obstacles to PCAOB Inspections, \(Oct. 7, 2010\)](#).

II. BACKGROUND

Release No. 2010-007 set forth the PCAOB’s approach to registration applications from public accounting firms in non-U.S. jurisdictions where, because of asserted legal restrictions or objections of local authorities, the Board was denied access to information from PCAOB-registered firms that was necessary to inspect those firms. In Release No. 2010-007, the Board stated in October 2010 that, “[i]n light of the length of time that has elapsed without successful resolution of the obstacles, and the continuing inability of the Board to inspect PCAOB-registered firms in some jurisdictions, the Board has re-evaluated its approach to new registration applications from firms in those jurisdictions [and] has determined that its consideration of new applications from firms in those jurisdictions will no longer be premised on an expectation that those obstacles will be resolved without undue delay to any necessary PCAOB inspection of a firm.”¹

Release No. 2010-007 explained that, as of 2010, asserted legal restrictions or objections of local authorities in certain jurisdictions posed “unresolved obstacles to PCAOB inspections.”² While the Board had tried “for several years to negotiate arrangements with authorities in the affected jurisdictions to eliminate asserted obstacles to Board inspections, . . . obstacles persist[ed] in several jurisdictions . . . leav[ing] substantial uncertainty about whether and when PCAOB inspections of registered firms will be able to go forward.”³

¹ Release No. 2010-007 at 3.

² *Id.* at 2.

³ *Id.* at 2-3.

As a result, Release No. 2010-007 required an applicant firm from a jurisdiction where there were unresolved obstacles to PCAOB inspections to state its understanding of whether a PCAOB inspection of the firm would currently be allowed by local law or local authorities and, if the response is that the inspection would be allowed, to supply written confirmation of that point from the appropriate local regulatory authority. Release No. 2010-007 further explained that an applicant firm that received such a request could (i) allow its application to remain pending by not responding to the request until it was able to provide written confirmation from the appropriate local regulatory authority that an inspection would be allowed; (ii) withdraw its application; or (iii) respond by stating its understanding that a PCAOB inspection of the firm would currently not be allowed by local law or local authorities, in which case, if the applicant's application was otherwise complete, the Board would have issued a notice of hearing pursuant to paragraph (b)(2)(ii) of PCAOB Rule 2106, *Action on Applications for Registration*, specifying as a proposed ground for disapproval of the application the obstacle to the Board's ability to inspect the firm.⁴

III. RESCISSION OF RELEASE NO. 2010-007

The PCAOB hereby rescinds Release No. 2010-007 because, following the passage of the Holding Foreign Companies Accountable Act ("HFCAA"), the PCAOB, at Congress's behest, has established a regulatory framework in PCAOB Rule 6100, *Board Determinations Under the Holding Foreign Companies Accountable Act*, for conducting assessments of whether the positions taken by non-U.S. authorities are preventing the PCAOB from inspecting or investigating completely in a non-U.S. jurisdiction.⁵ The PCAOB believes that the existence of a jurisdiction-wide HFCAA determination under Rule 6100(a)(1)⁶ is the appropriate measure for determining whether the PCAOB is prevented from

⁴ See generally *id.* at 3-4.

⁵ See Pub. L. No. 116-222, 134 Stat. 1063 (Dec. 18, 2020). The Sarbanes-Oxley Act of 2002 codifies the relevant provisions of the HFCAA. See, e.g., Section 104(i) of the Sarbanes-Oxley Act of 2002, 15 U.S.C. § 7214(i). Those provisions—as further amended in December 2022 by the Consolidated Appropriations Act, 2023—require the Board to determine whether it is unable to inspect or investigate completely registered public accounting firms located in a foreign jurisdiction because of a position taken by one or more authorities in a foreign jurisdiction. See *Rule Governing Board Determinations Under the Holding Foreign Companies Accountable Act*, PCAOB Release No. 2021-004 (Sept. 22, 2021), available at https://assets.pcaobus.org/pcaob-dev/docs/default-source/rulemaking/docket048/2021-004-hfcaa-adopting-release.pdf?sfvrsn=f6dfb7f8_4; *Amendments to Conform PCAOB Rule 6100 to the Consolidated Appropriations Act, 2023*, PCAOB Release No. 2023-002 (Mar. 28, 2023), available at https://assets.pcaobus.org/pcaob-dev/docs/default-source/rulemaking/docket-050/pcaob-release-no.-2023-002---rule-6100-amendments.pdf?sfvrsn=c4c270d0_4.

⁶ Under Rule 6100, the Board can make two types of HFCAA determination: a jurisdiction-wide determination (meaning that the Board cannot inspect or investigate completely registered firms headquartered in a particular foreign jurisdiction, see Rule 6100(a)(1)), or a firm-specific determination (meaning that the Board cannot inspect or investigate completely a registered public accounting firm that has an office located in a particular foreign jurisdiction, see Rule 6100(a)(2)). More generally, Rule 6100 establishes the manner of the Board's HFCAA determinations; the factors the Board will evaluate and the documents and information it will consider when assessing whether an HFCAA determination is warranted; the form, public availability, effective date, and duration of such determinations; and the process by which the Board will reaffirm, modify, or vacate any such determinations. In addition, Rule 6100 authorizes the Board to make HFCAA determinations when appropriate and requires the Board to consider, at least annually, whether changes in facts and circumstances support making such determinations. Thus, whether there are determinations in effect is subject to change.

discharging its oversight mandate in a non-U.S. jurisdiction. The PCAOB believes that it should consider any existing jurisdiction-wide HFCAA determination when assessing registration applications from firms headquartered in such a jurisdiction. As a result, the approach to registering firms from jurisdictions reflected in Release No. 2010-007 is no longer necessary or appropriate.

Additionally, since 2010, the PCAOB has successfully entered into bilateral arrangements to conduct inspections and investigations in every jurisdiction in which inspections became required, such that, currently, the approach reflected in Release No. 2010-007 applies only to jurisdictions where PCAOB inspections are not currently mandated and have not been attempted by the PCAOB. As noted above, the core principle underlying the introduction of that approach in 2010 was the PCAOB's view that its treatment of registration applications could no longer be premised on the expectation that obstacles to PCAOB inspections will be resolved without undue delay. That expectation has changed, based on the PCAOB's experience from 2011 to 2024 (including the PCAOB's success in gaining access to all jurisdictions where the PCAOB needs to execute its statutory mandate), and the PCAOB believes that it is appropriate for the PCAOB to change course and revert to an approach predicated on a reasonable belief that the PCAOB can reach agreements with non-U.S. jurisdictions when needed and in a timely manner, due in part to the additional leverage the HFCAA provides.

Consistent with PCAOB Rule 2106(a), the Board reviews registration applications from non-U.S. firms (like those from domestic firms) in the context of all relevant information provided by the firm or otherwise obtained by the Board (which could include the existence of an HFCAA determination with respect to the jurisdiction in which the applicant firm is headquartered) and "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 the foregoing reasons, the PCAOB hereby rescinds Release No. 2010-007.⁷

BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

February 4, 2025

⁷ Each applicant firm that elected to keep its application for registration pending with the Board under the approach set forth in Release No. 2010-007 will be contacted by PCAOB staff and instructed that, if the firm still wishes to pursue PCAOB registration, the firm should review its application in its entirety and update any information that is more than 90 days old, pursuant to Instruction #9 to PCAOB Form 1, *Application for Registration*. Any firm that fails to respond, or to update information in its application in a reasonable amount of time, may be subject to having its application deemed not to have been received pursuant to PCAOB Rule 2106(c).