

File No. PCAOB-2003-01
Consists of 18 Pages

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Form 19b-4

Proposed Rules

By

Public Company Accounting Oversight Board

In accordance with Rule 19b-4 under the
Securities Exchange Act of 1934

1. Text of the Proposed Rules

(a) The Public Company Accounting Oversight Board (the “Board,” the “PCAOB” or the “Corporation”) is filing with the Securities and Exchange Commission (the “Commission”) proposed bylaws. The text of the bylaws is attached as Exhibit A.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Board

(a) The Board approved the bylaws, and authorized them for filing with the Commission, at its public meeting on January 9, 2003. No other action by the Board is necessary for the filing of these proposed rules.

(b) Questions regarding this filing may be directed to Gordon Seymour, Acting General Counsel (202-207-9034; seymourg@pcaobus.org).

3. Board’s Statement of the Purpose of, and the Statutory Basis for, the Proposed Rules

(a) Purpose

The Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”) established the Board as a nonprofit corporation, subject to and with all the powers conferred upon a nonprofit corporation by the District of Columbia Nonprofit Corporation Act, to oversee the audits of public companies that are subject to the securities laws, and related matters, in order to protect the interests of investors and 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.

The Board’s bylaws implement Title I of the Sarbanes-Oxley Act by establishing a principal office in Washington, DC, and by establishing the composition of a

Governing Board, and the powers and duties of the Governing Board and officers. The bylaws were adopted by a unanimous vote of the Board members on January 9, 2003, and they are intended by the Board to be effective as of that date. The Board therefore seeks that the Commission approve the bylaws as effective as of January 9, 2003.

Among the provisions of the bylaws are rules for establishing a quorum and providing that 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 be an act of the Board. The bylaws also provide for including a recused Board member in the count for quorum purposes only in exigent 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 prevents the deferral of action until a quorum of non-recused members is available.

The Board's bylaws also provide that the Governing Board shall hold at least one public meeting each month, on the first Tuesday of the month (the "Regular Public Meeting") or at such other time as the Chair shall determine. The bylaws require the Board to adopt a written Open Meeting Policy defining the circumstances under which meetings of the Board will be open to the public and to include in that Open Meeting Policy procedures to ensure that the public is informed, at least five calendar days in advance, of the time, location, and general topics scheduled for discussion at each Regular Public Meeting. The bylaws also permit the Governing Board to 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 Sarbanes-Oxley Act. The bylaws require that the Open Meeting Policy set forth

procedures for providing the public with reasonable notice of public Special Meetings, and they permit the Governing Board to meet by telephone, provided that, in the case of a public meeting, at least one Board member is present at the location specified in the meeting notice.

The bylaws provide that the Chair of the Governing Board shall also be the President of the Corporation and that all other Governing Board members shall also be Vice Presidents of the Corporation. The bylaws also provide for the appointment of such other officers as the Governing Board deems appropriate, including, but not limited to, a Secretary, Treasurer, General Counsel, Chief Auditor, Chief Administrative Officer, Director of Inspections and Registration, and Director of Enforcement.

The bylaws also provide that no contract entered into by or on behalf of the Corporation shall personally obligate any employee, officer, or Governing Board member, including the employee, officer or Governing Board member authorizing or executing such a contract. Further, unless otherwise prohibited by law, the bylaws provide for the Corporation to indemnify employees, officers, and Governing Board members, and any former employees, officers, or Governing Board members, 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 an employee, officer, or Board member, except that 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. 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. The bylaws further permit the Corporation to advance expenses to, or where appropriate to itself, at its expense, undertake the defense of any employee, officer, or Board member, so long as the employee, officer, or Board member undertakes to repay or reimburse such expense if it should be ultimately determined that he or she is not entitled to indemnification under the bylaws.

The bylaws also permit the Governing Board to 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, whether or not the Corporation would have the power to indemnify such person against that liability under law.

The bylaws permit the Governing Board to adopt such rules of the Corporation as it deems necessary or appropriate to discharge its responsibilities under the Sarbanes-Oxley Act. The bylaws also prohibit any capital expenditure or investment without the approval of the Board, except as expressly delegated by the Governing Board. Finally, the bylaws require the Governing Board to 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.

In recognition of the fact that the SEC has not appointed a permanent Chair of the Board, the bylaws do not address the division of powers and duties between the Chair and

the Board. The Board will consider this issue once a permanent Chair is named. Any amendment or supplement to the bylaws will be submitted separately for Commission approval.

In the event that the Commission approves the Board's bylaws, the Board seeks that they be made retroactively effective as of January 9, 2003.

(b) Statutory Basis

The statutory basis for the proposed bylaws is Title I of the Act.

4. Board's Statement on Burden on Competition

The bylaws do not impose any burden on competition.

5. Board's Statement on Comments on the Proposed Rules Received from Members, Participants or Others

The Board has not solicited, and does not intend to solicit, comments on this proposed rule change. The Board has not received any unsolicited written comments.

6. Extension of Time Period for Commission Action

The Board does not consent to an extension of the time period specified in Section 19(b)(2) of the Securities Exchange Act of 1934.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Not applicable.

8. Proposed Rules Based on Rules of Another Board or of the Commission

This proposed rule change is not based on the rules of another board or of the Commission.

9. Exhibits

Exhibit A – Text of the Proposed Rules.

Exhibit 1 – Form of Notice of Proposed Rules for Publication in the *Federal Register*.

10. Signatures

Pursuant to the requirements of the Sarbanes-Oxley Act and the Securities Exchange Act of 1934, as amended, the Board has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Public Company Accounting Oversight Board

By: Charles D. Niemeier
Acting Chairman

Text of the Proposed Rules

Underlining indicates additions; [brackets] indicate deletions

BYLAWS OF THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD,
INC.

A Nonprofit Membership Corporation Pursuant to the Provisions of Title I of the
Sarbanes-Oxley Act of 2002

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 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 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 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 Governing Board may appoint such other officers as it deems appropriate, including, but not limited to a Secretary, Treasurer, General Counsel, Chief Auditor, Chief Administrative Officer, Director of Inspections and Registration, and Director of Enforcement.

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, 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.

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.

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. PCAOB-2003-01)

[Date]

Public Company Accounting Oversight Board, Inc.; Notice of Filing of Proposed Bylaws

Pursuant to Section 107(b) of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), notice is hereby given that on March 3, 2003, the Public Company Accounting Oversight Board, Inc. (the “Board” or the “PCAOB”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rules as described in Items I, II, and III below, which items have been prepared by the Board. The Commission is publishing this notice to solicit comments on the proposed rules from interested persons.

I. Board’s Statement of the Terms of Substance of the Proposed Rule Change

On January 9, 2003, the Board adopted bylaws to implement Title I of the Sarbanes-Oxley Act by establishing a principal office in Washington, DC, and by establishing the composition of a Governing Board, and the powers and duties of the Governing Board and officers. The bylaws are intended by the Board to be effective as of their adoption by a unanimous vote of the Board members. The Board is therefore proposing that the Commission approve the bylaws as of January 9, 2003.

II. Board’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Board included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Board has prepared summaries, set forth in sections A, B and C below, of the most significant aspects of such statements.

A. Board's Statement of the Purpose Of, and Statutory Basis for, the Proposed Rule Change

The Sarbanes-Oxley Act established the Board as a nonprofit corporation, subject to and with all the powers conferred upon a nonprofit corporation by the District of Columbia Nonprofit Corporation Act, to oversee the audits of public companies that are subject to the securities laws, and related matters, in order to protect the interests of investors and 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.

The Board's bylaws implement Title I of the Sarbanes-Oxley Act by establishing a principal office in Washington, DC, and by establishing the composition of a Governing Board, and the powers and duties of the Governing Board and officers. The bylaws were adopted by a unanimous vote of the Board members on January 9, 2003, and they are intended by the Board to be effective as of that date. The Board therefore seeks that the Commission approve the bylaws as effective as of January 9, 2003.

Among the provisions of the bylaws are rules for establishing a quorum and providing that 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 be an act of the Board. The bylaws also provide for including a recused Board member in the count for

quorum purposes only in exigent 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 prevents the deferral of action until a quorum of non-recused members is available.

The Board's bylaws also provide that the Governing Board shall hold at least one public meeting each month, on the first Tuesday of the month (the "Regular Public Meeting") or at such other time as the Chair shall determine. The bylaws require the Board to adopt a written Open Meeting Policy defining the circumstances under which meetings of the Board will be open to the public and to include in that Open Meeting Policy procedures to ensure that the public is informed, at least five calendar days in advance, of the time, location, and general topics scheduled for discussion at each Regular Public Meeting. The bylaws also permit the Governing Board to 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 Sarbanes-Oxley Act. The bylaws require that the Open Meeting Policy set forth procedures for providing the public with reasonable notice of public Special Meetings, and they permit the Governing Board to meet by telephone, provided that, in the case of a public meeting, at least one Board member is present at the location specified in the meeting notice.

The bylaws provide that the Chair of the Governing Board shall also be the President of the Corporation and that all other Governing Board members shall also be Vice Presidents of the Corporation. The bylaws also provide for the appointment of such other officers as the Governing Board deems appropriate, including, but not limited to, a

Secretary, Treasurer, General Counsel, Chief Auditor, Chief Administrative Officer, Director of Inspections and Registration, and Director of Enforcement.

The bylaws also provide that no contract entered into by or on behalf of the Corporation shall personally obligate any employee, officer, or Governing Board member, including the employee, officer or Governing Board member authorizing or executing such a contract. Further, unless otherwise prohibited by law, the bylaws provide for the Corporation to indemnify employees, officers, and Governing Board members, and any former employees, officers, or Governing Board members, 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 an employee, officer, or Board member, except that 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. 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. The bylaws further permit the Corporation to advance expenses to, or where appropriate to itself, at its expense, undertake the defense of any employee, officer, or Board member, so long as the employee, officer, or Board member undertakes to repay or reimburse such expense if it

should be ultimately determined that he or she is not entitled to indemnification under the bylaws.

The bylaws also permit the Governing Board to 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, whether or not the Corporation would have the power to indemnify such person against that liability under law.

The bylaws permit the Governing Board to adopt such rules of the Corporation as it deems necessary or appropriate to discharge its responsibilities under the Sarbanes-Oxley Act. The bylaws also prohibit any capital expenditure or investment without the approval of the Board, except as expressly delegated by the Governing Board. Finally, the bylaws require the Governing Board to 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.

In recognition of the fact that the SEC has not appointed a permanent Chair of the Board, the bylaws do not address the division of powers and duties between the Chair and the Board. The Board will consider this issue once a permanent Chair is named. Any amendment or supplement to the bylaws will be submitted separately for Commission approval.

In the event that the Commission approves the Board's bylaws, the Board seeks that they be made retroactively effective as of January 9, 2003.

B. Board's Statement on Burden on Competition

The proposed rules do not impose any burden on competition.

C. Board's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

The Board has not solicited, and does not intend to solicit, comments on this proposed rules. The Board has not received any unsolicited written comments.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Board consents the Commission will:

(a) by order approve such proposed rule change, effective as of January 9, 2003;

or

(b) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the requirements of Title I of the Sarbanes-Oxley Act and the Exchange Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than

those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room in Washington, D.C. Copies of such filing will also be available for inspection and copying at the principal office of the PCAOB. All submissions should refer to File No. SR-PCAOB-2003-01 and should be submitted within [] days.

By the Commission.

Secretary