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June 7, 2024

Ms. Phoebe W. Brown
Secretary
Public Company Accounting Oversight Board
1666 K Street NW
Washington, DC 20006

Re: Docket Matter No. 55 – *Proposing Release: Firm Reporting,* PCAOB Rel No. 2024-003 (April 9, 2024)

Dear Ms. Brown:

Deloitte & Touche LLP ("Deloitte") is pleased to respond to the request for comment from the Public Company Accounting Oversight Board (the "PCAOB" or the "Board") on its *Proposing Release: Firm Reporting* (the "proposal" or the "proposing release"). Deloitte is committed to the vital role that we, as independent auditors, play in strengthening confidence in the capital markets. We understand that the trust of our stakeholders is central to serving that role effectively. We also understand that building and maintaining trust starts with transparency, accountability, and unwavering adherence to ethical principles. That is why we currently provide extensive public information on our website, as well as in our annual Audit Quality Report and Transparency Report, about our firm and our audits.[1]

The information we currently disclose is intended to support an understanding of our unwavering commitment to audit quality. Consistent with our commitment to quality, we broadly support the Board's efforts to obtain, both for its own use and for the benefit of other stakeholders, certain information about registered firms relevant to audit quality. While we are aligned with several of the broad topic areas in the proposal, we do have concerns about certain aspects of the proposal, including because:

- some are very prescriptive, where more principles-based or customized disclosures would allow for better understanding of firms' unique characteristics;
- the significant cost that would be associated with some of the proposed disclosures, and the proposal as a whole, do not appear justified by the incremental benefits they would provide;
- confidential information the PCAOB collects for oversight of registered firms should be collected pursuant to its inspection process, which is a time-tested and effective way to handle confidential information; and
- some of the proposed disclosures would be especially challenging to smaller and non-US firms.

[1] See, Deloitte.com: About Us, Deloitte US 2023 Audit Quality Report, and Deloitte US 2023 Transparency Report.

In the remainder of this letter, we provide our observations about some of the specific proposed disclosures, including modifications that we believe will allow the PCAOB to achieve its objectives in a way that would mitigate the costs of the proposal. When crafting our comments on specific proposed disclosures, we looked at each on its own merits and have provided comments on that basis. We have also provided some general observations that apply to a number of the proposed requirements and/or relate to the cumulative effect of the proposal overall.[2] Finally, we have provided some perspectives on other ways the PCAOB could make its firm disclosure program more effective.

Observations about Audit Fee Disclosure

The proposal would significantly expand the fee information the PCAOB would require firms to report publicly, well beyond the current requirement for fees related to issuer audits. Specifically, the proposal would not only require firms to report audit fees on a dollar basis, broken down by type of audit (e.g., issuer, broker-dealer, private company, custody rule audits), but would appear to also require firms to report fees for all of their non-audit services, even where those services are not provided to audit clients.

We believe that for many firms it may not be possible to provide the highly-specific categories of information, in the manner prescribed in the proposal (e.g., at the level of precision proposed, and in the prescribed reporting period), without significant transformation of their finance systems. For example, firms' systems may not be designed to record revenue (fees) based on the very specific types of services (including multiple different types of audits) that the proposed rule would require. The work needed to transform firms' systems to collect the data as prescribed in the proposal will be compounded by the fact that the proposal appears to:

1. Eliminate an existing, reliable, and cost-effective source of fee data (fee disclosure in SEC filings);
2. Remove the provision in current Item 3.2 that would allow for estimates; and
3. Require special tracking of fees to allow reporting for a PCAOB-prescribed period (the reporting period for Form 2), rather than a firm's own fiscal year.

We encourage the Board to consider if the expanded disclosure is warranted given that, as the proposing release notes, information about audit fees for issuers is currently available to investors on a company-specific basis, including dollar amounts, through required SEC disclosures. These disclosures are provided consistently from company-to-company, which allows for comparison, and thus are likely to be more useful to investors in making specific investment or proxy voting decisions than consolidated firm information.

The proposing release also states that the proposed disclosure may help investors and audit committees differentiate among firms based on client type and expertise. While it is possible that consolidated fee data could be used to try to extrapolate the balance of a firm's practice between issuer audits and other types of audits, it is not clear how that would be more useful in assessing a firm's experience than currently available disclosures on Form 2 and Form AP that provide a more accurate way to determine the number of issuer audits a firm has performed. To make the existing disclosure even more accessible, the Board could require firms to report a total number of issuer audits on Form 2, versus the current requirement in Item 4.1: *Audit Reports Issued by the Firm*, which requires firms to list specific audit reports and, for larger firms, results in multiple appendices to Form 2 that are difficult for users to navigate.

[2] We have not addressed the Board's authority to require some of the extensive disclosures in the proposal, but we encourage the Board to consider this issue as the proposed disclosures seem disconnected in certain respects from the core purpose of the Sarbanes-Oxley Act of 2002.

The proposing release states as another goal to provide a basis upon which stakeholders could determine a firm's audit versus non-audit focus. As the proposal notes, however, many firms already publicly provide this information on Form 2 on a percentage basis in their existing fee disclosure, as well as by disclosing the revenue of their businesses, either voluntarily or through required transparency by other jurisdictions (or both).

We believe the Board should retain the current fee reporting requirement without modification. If the Board determines that additional fee reporting is needed, we encourage the Board to modify the proposed reporting, including by allowing reasonable estimates, allowing the use of data already required to be provided in SEC filings, as well as allowing reporting based on client or firm fiscal year end. The Board should also retain the ability of firms to explain their methodology to calculate fees on Form 2.

Observations about Financial Statement Disclosure

The proposal includes a rule that would require large firms to submit their financial statements to the PCAOB on a confidential basis, despite the fact that the proposing release acknowledges that the large firms already provide financial statements to the PCAOB as part of the inspection process. As part of this process, Deloitte historically has provided to the PCAOB financial statements that we provide to our outside lenders, which we believe meet all of the PCAOB's goals in understanding our financial condition.

The inspection framework in which we currently provide financial statements allows the PCAOB to obtain the context necessary to assess any relationship that information may have to audit quality. Continuing to seek any firm financial information through the inspection process is important given the confidentiality considerations discussed in more detail below. Our interest in maintaining confidentiality is amplified, given the fact that the proposing release indicates that the Board intends to analyze the financial statements to better understand how such information may be useful to the public and whether the reporting requirements should be further amended to make some or all of the reported financial information public.[3]

Whether the Board ultimately determines to continue to seek this information through the inspection process or by rule, we believe that receiving financial information prepared on the basis that the firms maintain it to manage their businesses and for use with other third parties, including lenders, would be more in line with the PCAOB's goals of understanding the financial condition of the firms than would requiring a basis of accounting a firm does not otherwise use. We do not believe that having firms provide financial statements prepared under US Generally Accepted Accounting Principles (US GAAP) would drive comparability among firms due to the inherent differences among firms (e.g., size and structure). We believe the PCAOB therefore would still be required to consider specific firm circumstances even if all firms used the same basis for accounting.

While the proposal does provide some transition provisions, we note that, because during the transition period the proposal would require the reconciliation of nonconforming financial statements to US GAAP, firms would still be required to gather and prepare the same information that would be required to prepare the financial statements in US GAAP.

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[3] If the Board were to consider requiring public financial reporting by the firms, such a requirement would need to be separately exposed for public comment, and we therefore are not addressing that idea in detail in this letter. We do note, however, that public financial statements are required of public companies for the benefit of their investor-owners, the vast majority of whom are passive investors with limited access to other information about the company's performance. We do not believe that simply transferring to private partnerships (whose investor-owners are its partners) public disclosure requirements designed for a different purpose is justified.

The proposing release asks whether the Board should consider defining a fiscal year for firms. We agree with the Board's decision not to propose to do so. The significant burden associated with changing fiscal years, including changes to year-end accounting and control processes, and significant other implications to the operations of firms' businesses that would come with changing a fiscal year end would not be justified. Similarly, requiring firms to maintain two sets of accounting records to produce financial statements for a period set by the PCAOB would also not be justified.

Observations about Firm Governance Disclosure

We recognize the importance of strong governance and therefore we currently voluntarily provide extensive public disclosure about our governance and leadership in our Transparency Report, our Audit Quality Report, as well as on our website.[4] For example, our Transparency Report contains a dedicated section on firm governance, that describes our leadership structure and names our Audit & Assurance Executive Leadership team, as well as the members of the firm's board. If the Board determines to move forward with a requirement in this area, we recommend that the Board streamline the requirement to focus on the most relevant information, in order to avoid duplication or overlap with other requirements, which could cause confusion to stakeholders. For example, the proposal would require a firm to disclose whether it has an independent oversight function for the audit practice, while the newly adopted QC 1000, *A Firm's System of Quality Control* would require only some firms to have an External QC Function (EQCF); this could cause confusion among stakeholders who do not understand the difference in requirements for an EQCF between firms.

An example of how the Board could streamline the proposed governance disclosure would be to adopt a more general requirement to describe a firm's governance structure, including as it relates to the audit practice and system of quality management, without specifically requiring some of the more prescriptive elements of the proposal. A more principles-based requirement is more likely to be informative to stakeholders because the disclosure would require firms to describe relevant parts of their own governance, rather than structuring their disclosure around very specific requirements that could be more relevant to some firms than others. An approach that is less prescriptive also would recognize that firm governance structures vary. For example, the specific requirement to disclose direct reports to the principal executive officer, including name and title, could include individuals who are not in leadership positions and could vary greatly between firms based on their size and structure, and thus not be very informative to stakeholders. We encourage the Board, to the extent it includes the proposed items on an amended form, to provide text boxes for each response with at least 2000 characters to allow firms to provide any necessary explanation and context for the information disclosed.

In addition, while the proposing release notes that the Board does "not foresee a realistic possibility that any law would prohibit a firm from providing the information," we would emphasize that there could be more conflicts of non-US law than the Board anticipates.[5]

Observation about Network Disclosure

We are supportive of the PCAOB allowing for an expanded overview of the nature of global networks in Form 2, because historically we have found the current 1000-character limit in Form 2 restricts firms' ability to provide

[4] *See* footnote 1.

[5] While we note that the proposal does appear to allow for the assertion of a legal conflict with respect to identifying certain individuals that are part of a firm's quality control system, we believe the potential conflicts with non-U.S. law could be broader in scope than what is contemplated by the proposal.

meaningful disclosure in this area. We therefore have provided more robust description of the Deloitte Global network in our annual Transparency Report.

We are concerned, however, that some of the specific disclosures proposed could result in firms being required to publicly disclose business information that is proprietary and confidential, such as loans and other financial information. We believe this could be contrary to the mandate under Section 102(e) of the Sarbanes-Oxley Act that "in all events, the Board shall protect from public disclosure information reasonably identified by the subject accounting firm as proprietary information." Public disclosure of this information seems inconsistent with the confidentiality the Board proposes to afford other financial information.

Requiring public disclosure about network loans and funding is concerning because it is not clear that this information would be relevant to stakeholders, including because it would lack context. We also note that the proposed disclosures related to network-related financial obligations and information-sharing arrangements between the registered firm and the network are ambiguous and do not include quantitative or qualitative limiting factors. This includes that they do not appear to be subject to a materiality threshold, thus potentially requiring firms to disclose even nominal arrangements within a network. We also note that the proposal requests input on whether the Board should request copies of membership agreements. These agreements contain proprietary and competitively sensitive information, and we do not believe it is appropriate to require them to be disclosed.

We therefore suggest that the Board expand the amount of space for firms to provide disclosure about the networks on Form 2 to allow more complete descriptions, but remove (or afford both a materiality threshold for, and a confidentiality protection to) the proposed specific requirements that may expose financial or other confidential or competitive business information. We note that removing these very specific requirements would not prevent the PCAOB from seeking that information through its confidential inspection program.

Observations about Cyber Disclosure

Given the widespread and increasing use of technology, both by auditors and the companies they audit, we understand the Board's desire for information about both cybersecurity risks and material cyber incidents of registered firms. We generally support the proposed requirement for firms to publicly report on their cyber risk management systems on an annual basis. We suggest that, if the Board adopts this requirement, it explicitly note that it would not expect this disclosure to be in such detail as to risk giving threat actors insight into potential cyber vulnerabilities.

We also understand the PCAOB's desire to be aware of cybersecurity incidents relevant to its oversight of the firms, and we are therefore generally supportive of the proposal to report incidents confidentially to the PCAOB, preferably in the context of the Board's inspection program. While we support providing this information, as noted above, we believe that the sensitive nature of these events makes it especially important that these be subject to well-established confidentiality protections.

We also have suggestions on how the disclosure could be made more targeted and effective. First, we recommend that the Board delay any finalization of its own cybersecurity incident reporting requirements at least until proposed rules under the Cyber Incident Reporting for Critical Infrastructure Act ("CIRCIA"),[6] which

[6] *Cyber Incident Reporting for Critical Infrastructure Act of 2022*, Pub. L. No. 117-103, 136 Stat. 1038 (2022).

were proposed in early April 2024,[7] are adopted. We are not suggesting the Board necessarily adopt any final CIRCIA rule, but we do believe the Board should consider the final outcome of this government-wide effort to establish a consistent cyber-incident reporting framework that we expect will apply to a large population of both public and private entities.[8]

Second, whether or not the Board decides to move forward with finalizing any requirements before the CIRCIA rules become final, we encourage the Board to clarify that a firm would only need to report cybersecurity incidents that affect its audit practice. We believe this focus is intended, based on the commentary in the proposing release (which notes that the PCAOB is seeking to understand how such incidents "affect the provision of audit services") but this was not entirely clear in the proposed rule text. For example, the Board could revise the proposed definition of "Significant Cyber Incident" for which it would seek disclosure, such that the disruption or degradation must be to the firm's "critical audit-related operations…" and the "substantial harm" suggested in the text must be done "to the audit ~~firm~~practice or an audit-related third party."

Observations about Material Events Disclosure

We understand the PCAOB's desire to monitor the various types of risks registered firms may face, consistent with its current inspection authority. Therefore, our regular practice has been to share timely information with the PCAOB about the general types of events the Board appears to be seeking under the new section of Form 3, *Part VIII – Material Event Reporting.* Given the nature of the disclosures the Board proposes to require in this part of the proposal, and consistent with our comment below about confidentiality, if the Board decides to require such information, it should do that as part of the inspection process.

We also suggest that the Board add an explicit materiality requirement to two specific items:

- *Planned or anticipated acquisition of the firm, change in control, or restructuring, including external investment and planned acquisition or disposition of assets or of an interest in an associated entity*
- *Any actual or anticipated non-compliance with loan covenants*

In these two areas, there may be routine events that would not constitute "material events" to which this requirement is directed—for example, routine dispositions of assets, and potential technical covenant breaches that would not impact a loan. In addition, we suggest that the item that requires reporting regarding entering into or disposing of a material financial arrangement be revised to explicitly exclude routine transactions regarding material financial arrangements that are entered into as a matter of course, such as refinancing based on interest rate changes, or other transactions that do not have a material impact on the firm's liquidity or financial resources.

General Observations

As noted, our comments on the specific proposed disclosures above were based on our view of each on its own merits. We also have some general observations, set out below, that apply to more than one of the specific proposed requirements and/or relate to the cumulative effect of the proposal.

Confidential information collection. Deloitte and other registered firms currently provide to the PCAOB extensive information, including much of the information that the Board proposes to require be submitted confidentially in

[7] Department of Homeland Security, Cybersecurity and Infrastructure Security Agency, *Cyber Incident Reporting for Critical Infrastructure Act (CIRCIA) Reporting Requirements*, 89 Fed. Reg. 23644 (proposed Apr. 4, 2024) (to be codified at 6 C.F.R. 226).

[8] CIRCIA proposing release at 23742.

the proposal. This is done primarily in connection with the PCAOB's established inspection program, created by Section 104 of the Sarbanes-Oxley Act of 2002, pursuant to which the PCAOB staff requests not only information about specific audits, but also extensive information about the firms. As discussed above in the context of some of the specific required disclosures, we believe that information the Board is seeking for its own use in overseeing registered firms through confidential submissions should continue to be collected pursuant to the PCAOB's inspection process, which is a time-tested and effective means of the transfer and handling of confidential information.

Costs of disclosure. While many firms currently collect and report certain information on the general topics in the proposal, if adopted as proposed, the detailed nature of the requirements—which in some cases do not contain a materiality threshold and/or do not allow for reporting based on reasonable methodologies and estimates—would require extensive additional efforts by the firm, including the evolution or development of systems and processes to collect the information at the level of specificity, in the specific form, and under the specific timelines proposed. The majority of these systems and processes cannot be automated (i.e., the information required to be disclosed would require analysis and judgment). The costs and burdens of the proposed disclosure are of particular interest because some of the requirements may not achieve the Board's stated goals, would not appear to be decision-useful to stakeholders, and/or appear to have only modest incremental benefits. The scope of the proposal could be especially challenging to smaller firms and non-US firms, because the significant resource commitment necessary to implement extensive systems and processes may be necessary even where only a small portion of those firms' audit practices are subject to PCAOB oversight.

These challenges will be compounded by the need for all PCAOB registered firms to simultaneously focus on numerous other new or revised PCAOB requirements currently being considered, or that were recently adopted. We therefore encourage the Board to consider the potential benefits of the proposed disclosures as a whole, balanced against the cumulative costs of this and other proposals. We also encourage the Board to consider, even if it determines that this and other recent rulemaking and standard setting actions viewed in isolation would be accretive to audit quality, whether—when taken as a whole—they could present a risk to audit quality due the cumulative resources needed for firms to implement multiple new standards and other requirements in a short period of time. This risk may be especially relevant to smaller firms with fewer resources.

One way to reduce unnecessary burden of this proposal would be to take a more principles-based approach to firm reporting, similar to that adopted by the European Union in the 8th Company Law Directive,[9] pursuant to which many firms already provide extensive information in the areas addressed in the proposal via their annual published Transparency Reports. Following a more principles-based model could reduce the significant incremental costs to the firms of preparing slightly different information for different but similar requirements, without reducing the benefit to stakeholders. Moreover, while we appreciate the Board's desire for comparability, as discussed above in the context of some of the specific required disclosures, we believe that allowing firms to report in a way that follows how they manage their own businesses would give the PCAOB and other stakeholders more valuable insight into the unique qualities of each firm.

Effective date. We encourage the Board to consider that the proposed effective dates do not appear to provide the time that would be needed for firms to design, test, and implement the systems and processes that would be required to help ensure compliance with many of the proposed disclosure requirements. We have highlighted some specific challenges elsewhere in this letter. More generally, however, we believe that the proposed compliance deadlines do not contemplate the significant time that will be required by firms to comply

[9] Directive (EU) 2006/43/EC of the European Parliament and of the Council of 17 May 2006.

with the current proposal, especially when considered in light of other ongoing rulemaking and standard-setting projects that the Board has proposed to implement during the same timeframes.

Form 3 reporting deadlines. The Board proposes to accelerate the filing deadline for Form 3 from 30 days to 14 days (and more promptly in some cases). The proposed change appears to be predicated on an assumption that the costs of this change would be mitigated if firms chose automated processes to collect and process information required on Form 3. If the Board decides to shorten the deadline for some events required by Form 3 to 14 days, we recommend maintaining the 30-day deadline (or phase in a shortened deadline) for the more complex disclosures, such as those required to be reported in existing Part IV (Certain Proceedings) and Part V (Certain Relationships) of Form 3, as well as for the proposed new disclosures in Part VIII (Material Event Reporting). To the extent the Board is relying on the assumption that collection processes can be automated to justify the proposed change, we note that most of the information currently required to be reported on Form 3, as well as the additional information the Board is proposing to require, largely does not lend itself to automated tracking and processing. Most events that would trigger such reporting would be infrequent or triggered by third-party action. Further, once identified, the nature of these matters often requires further analysis be performed and judgment applied to determine whether the events meet the criteria to be reported on Form 3.

For non-US firms, the submission of a Form 3 often involves the need to consult with local and/or US legal counsel to determine how a certain local event may fit within the PCAOB requirements, as well as whether there are applicable conflicts with non-US law and/or a need to request confidential treatment; if so, that could require the preparation of a legal opinion. In those instances, 14 days would not afford sufficient time to identify and retain counsel, perform the required analysis, and prepare the necessary legal opinion for a legal conflict assertion or confidential treatment request. As a point of reference, more than 70 percent of the Forms 3 filed by non-US firms in the Deloitte network relate to legal proceedings required by Part IV of Form 3.

Other Potential Improvements to the PCAOB Reporting Systems

The Board notes in the proposing release that the PCAOB has not substantively updated its annual and special reporting requirements since 2008. We agree that the system needs modernization, and, beyond the current proposal, we encourage the Board to consider other changes that would benefit users of the information about firms that is contained in public PCAOB filings.

Improve accessibility of firm information. For example, currently, registered firms' annual (Form 2) and special (Form 3) reports are required to be filed with the PCAOB in a static PDF format that can require readers to page through multiple pages, some of which may be blank portions of a form, or even multiple documents, in order to locate the specific information they are seeking. The Board should consider ways to modernize this system to allow readers to locate relevant information more quickly and easily, including by redesigning the forms so that when filed they only show relevant portions of the form as completed by a firm. The approach that the Board took in adopting Form AP, which provides more ready access to information in the forms filed by firms, could serve as a model for improvements to other forms.

Review current requirements. If the Board undertakes to consider additional modernization, we also encourage the Board to consider whether all of the current disclosure requirements in existing forms remain relevant. For example, Item 4 of Form 2 requires a firm to list every audit report it has issued during the reporting period in several categories. This information is filed in a format that is difficult to navigate. Moreover, since that requirement was put in place, the information about issuer audits was made largely redundant by the adoption of PCAOB Rule 3211, *Auditor Reporting of Certain Audit Participants* (which requires the filing of Form AP). The filing system for Form AP allows users to navigate the information much more readily than does the system for

Form 2, and therefore there appears to be limited, if any, value in the largely redundant Form 2 requirement. If the Board believes it is useful to have some information contained in Form 2 about all PCAOB audits performed by the firm, the Board could require firms to report only the number of, not a list of, issuer audits in the reporting period (see discussion under *Observations about Audit Fee Disclosure*, above).

The Board might also consider whether some of the information that the Board determined to collect when Form 2 was adopted nearly 20 years ago has been used by the PCAOB or other stakeholders in the intervening years and, if not, remove those requirements (for example, it is not apparent why firms are required to separately list the number of accountants and the number of CPAs, or the benefit of listing each office of the firm).

Additional considerations for non-US firms. We also believe the Board should consider if special accommodations could be made for non-US firms throughout the firm reporting requirements. We understand that when the PCAOB originally established its annual and special reporting system, the Board determined to make few accommodations for non-US firms that are registered with the PCAOB. Especially if the Board substantially expands the disclosure required from firms under this and other proposals, we believe the Board should reconsider whether general accommodations for non-US firms may now be appropriate. This is especially ripe for reconsideration because, in many cases, non-US firms registered with the PCAOB are now subject to reporting requirements by audit regulators in their home country, which was not the case when the Board originally adopted its reporting system nearly 20 years ago.[10]

Moreover, many non-US firms registered with the PCAOB are required to register because they issue audit opinions for a limited number of issuers who are based in their home country. We note that audit regulators in many other countries have adopted a special reporting regime for so-called "third country auditors" in similar positions. These accommodations allow firms based in another country to follow adapted disclosure requirements, in recognition of their limited activities in the country issuing the accommodation and/or in recognition of the local regulatory system to which they are subject.[11] We note that providing accommodations for non-US firms for annual and special firm reporting need not limit the ability of the PCAOB to gather information through the inspection process, or otherwise exercise its authority over non-US firms.

Making firm reporting accommodations for non-US firms would be consistent with the approach taken by the SEC for companies that meet the criteria to file as Foreign Private Issuers (FPIs).[12] FPIs receive certain accommodations regarding the form, frequency, and timing of the disclosure they are required to provide under SEC rules. The SEC routinely considers whether FPIs should be required to comply with new disclosure requirements implemented by the SEC, as they are adopted. FPI status is not based solely on the country in which a company is organized, but also on certain measures of the company's connection to the US markets.[13] We encourage the Board to similarly consider whether non-US registered firms should be provided accommodations based on their connection to the US market. For example, accommodations could be based on

[10] Since the creation of the PCAOB reporting system, independent regulation of the audit profession outside the US has increased substantially as a result of the establishment and evolution of independent audit regulators in the other jurisdictions. This is evidenced by the fact that, since it was established in 2006, the International Forum of Independent Audit Regulators (IFIAR) has grown from 18 members to 56 *(see, https://www.ifiar.org/about/).*

[11] *See*, Regulation (EU) No 537/2014 of European Parliament and of the Council of 16 April 2014.

[12] *See* general description of SEC's foreign private issuer regime at: https://www.sec.gov/divisions/corpfin/internatl/foreign-private-issuers-overview.shtml#I.

[13] These tests are found in Rule 405 under the Securities Act of 1933, and Rule 3b-4 under the Securities & Exchange Act of 1934.

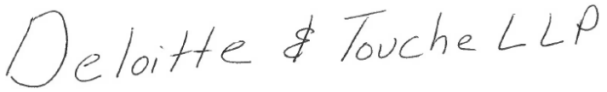
the number of audits a firm performs of US issuers, or whether the firm's audit clients meet the SEC's definition of FPI (e.g., align with the SEC's determination regarding companies audited by the firm).

Whether or not the Board decides to consider a broader program that would provide reporting accommodations for non-US issuers, we believe accommodations should be made for non-US firms in finalizing the current proposal. Specifically, as discussed above, the shortened Form 3 deadline will be especially challenging to non-US firms. We also believe that the proposed Form 3 requirements related to material events could prove especially challenging to non-US firms and may not be justified for those firms with limited connection to the US audit market. We also encourage the Board to consider that some jurisdictions may have privacy and confidentiality laws that could inhibit their ability to provide certain information proposed to be required (e.g., related to individuals and cyber events).

* * *

We are committed to serving investors and the capital markets and to building confidence in the independent audit process. We appreciate the opportunity to provide our perspectives. We would be happy to engage in further discussion about the potential benefits and challenges we see with this proposal. If you have any questions or would like to discuss our views further, please contact John Treiber (312-486-1808) or Consuelo Hitchcock (202-220-2670).

Sincerely,



Deloitte & Touche LLP