



May 31, 2024

Via email to [comments@pcaobus.org](mailto:comments@pcaobus.org)

Office of the Secretary, PCAOB  
1666 K Street, NW  
Washington D.C. 20006-2803

Re: PCAOB Rulemaking Docket Matter No. 55 Firm Reporting

Dear Secretary Brown and Members of the PCAOB:

I appreciate the opportunity to provide feedback to the Board regarding the proposals regarding Firm Reporting. I am an accounting professor at Case Western Reserve University. I teach auditing and conduct research in the areas of auditor judgment and decision making and audit regulation.

Overall, I am not opposed to enhanced reporting of information about the breakdown of fees, governance and special reporting. I am concerned that the proposal does not adequately justify reducing the deadline for special reporting from 30 days to 5-14 days. It is unclear what immediate actions the PCAOB would take in response to expedited reporting deadlines.

The proposed requirements for reporting about firm networks is focused on the wrong issues. Specifically, the proposed requirements focus on the financial strength of the network, whereas the primary question for the PCAOB should be audit quality. Thus, I suggest revising the requirements about networks to focus on matters related to audit methodology, staff training, and quality control including independence and inspections. Specifically, the following should be required with respect to networks:

- Whether the network has a common audit methodology that is used by all member firms.
- Whether auditors throughout the network receive the same or similar training.
- Whether the network establishes minimum quality control policies and procedures that are implemented by each member firm.
- Whether the network conducts periodic inspections of its member firms and, if so, the frequency of those inspections and the extent to which the results of inspections are disseminated throughout the network.

- How the information about each member firm's clients is communicated across the network to facilitate compliance with the independence rules.

Thank you for the opportunity to comment on the proposed standard. If you have any questions, please contact me at 216-368-8895.

Sincerely,

A handwritten signature in cursive script that reads "John Keyser".

John D. Keyser, PhD, CPA

Assistant Professor

Enclosure

## Responses to Specific Questions

**1. *Will the proposed areas for enhanced reporting provide investors, audit committees, and other stakeholders with relevant information? Should the Board consider enhanced reporting in other areas?***

The Board proposes to require registered firms to provide additional information about audit fees, firm governance, network affiliation, and cybersecurity as well as special reporting. Some of this information may be useful to audit committees as they make decisions regarding selection and retention of their external audit firm.

Some of the proposed requirements may be helpful to audit committees. In evaluating the relative expertise and qualifications of prospective audit firms, the proposed amendment to the required fee disclosure may help audit committees to assess the allocation of the firm's audit services among issuers, broker-dealers, and non-PCAOB engagements. The proposed requirement to describe the firm's legal structure, ownership, and governance may help audit committees to decide whether to engage a particular audit firm. For example, firms that are financed through private equity may present higher risk of potential violation of independence rules relative to traditional partnerships. Since companies must share sensitive information (e.g., payroll information, litigation matters) with their audit firm, the requirement to provide general information about the firm's cybersecurity policies and procedures is also helpful.

With respect to network affiliation, the PCAOB should require firms to provide information about matters that impact audit quality. It is appropriate for the proposal to require disclosure about whether member firms share a common audit methodology and training materials. However, firms should also be required to provide information about monitoring controls across the network. For example, does the network conduct periodic inspection of member firms and if so, what is the frequency of inspections? Also, how are the results of member firm inspections disseminated within the network? Also, firms should disclose how client lists are maintained and disseminated to assure audit firm independence.

**2. *Should the Board consider enhanced reporting in the area of auditor resignations, withdrawals, or dismissals? The Board's current rules require auditor reporting of auditor changes only where the issuer has failed to comply with its Form 8-K requirements. Should we consider requiring audit firm reporting of resignations, withdrawals, or dismissals, irrespective of issuer compliance with its reporting obligations?***

No. For issuers, this information is already reported to the SEC and is publicly available.

**3. *In its 2023 Annual Report, the Financial Stability Oversight Council discussed the heightened vulnerability of the financial system to certain factors. Should any of these elements discussed in this report be considered in our new reporting rules? Why or why not?***

The Financial Stability Oversight Council's 2023 Annual Report is 146 pages long. This question is not clear about what specific factors the PCAOB has identified in this report that it believes might be relevant to accounting firms.

4. ***Is our proposed approach to confidential treatment requests for publicly reported information appropriate? Should we permit confidential treatment requests for any of the information proposed to be public? If so, what information?***

I understand that the PCAOB is proposing to deny all confidentiality requests for “publicly reported information” without exception. Because it is difficult to foresee every possible situation, it would be preferable for the PCAOB to retain the flexibility to grant confidentiality but clarify that such exceptional conditions that would warrant confidentiality treatment are expected to be rare.

5. ***Is our proposal to provide for confidential reporting of certain information, namely financial statements from the largest firms, special reporting of material events, and cybersecurity incident reporting, appropriate? Why or why not? Should we require any of the confidential information to be reported publicly? If so, what information? Is the proposed approach to conflict of laws appropriate?***

I agree that material event reporting should be confidential for the reasons described in the proposal. I agree that cybersecurity incidents should be confidential when a firm believes that disclosure of the information might exacerbate its vulnerability to further cyberattacks. I do not believe that any of this information should be reported publicly.

6. ***Should smaller firms, like sole proprietors, be subject to a different confidential treatment regime as some of the information to be publicly reported per this release may not already be publicly available?***

No. All registered public accounting firms should be treated similarly with respect to confidential treatment.

7. ***Should we consider other types of financial information, in addition to fee information, for public disclosure? If so, what types of financial metrics would be useful to investors and other stakeholders?***

No.

8. ***Are the proposed fee reporting requirements clear and appropriate? Will they elicit useful information for investors, audit committees, and other stakeholders? Is there other revenue or expenditure information that should be reported?***

The proposed fee reporting requirements are clear. I think that the proposed disclosure of the allocation of audit fees between issuers, broker-dealers, and non-PCAOB clients may be useful to audit committees in assessing the qualifications of prospective audit firms.

9. ***Would it be beneficial to require further disaggregation of non-audit service fees, such as a classification of non-audit services broken down by issuer, broker-dealer, investment adviser, municipal, and private commercial clients?***

No. Since registered firms are prohibited from providing most non-audit services to their own audit clients, the allocation of fees among different types of non-audit clients is irrelevant.

10. ***What would be the anticipated effects if the financial statements were submitted without the confidentiality provisions? Should the PCAOB allow the confidentiality provisions to expire after the passage of a period of time? If so, what would be a reasonable period of time?***

No. The PCAOB should not allow the confidentiality provisions to expire at a future date. The PCAOB has not articulated a compelling rationale for public disclosure of accounting firms’ financial statements.

***11. Should we require a larger subset of firms to submit financial statements confidentially? For example, should we require all firms subject to annual inspection, or all firms that conduct audits of issuers representing a certain market capitalization, to submit financial statements confidentially?***

No. The only argument for requiring submission of financial statements that I find compelling is the potential market disruption if one of the Big 4 firms were to fail. It is for this reason that I support the requirement for the Big 4 firms to provide financial statements to the PCAOB on a confidential basis.

The proposed requirement is for confidential submission of financial statements by firms that issue more than 200 reports and had more than 1,000 personnel. This group represents 99.03% of the total market capitalization of all issuers audited by registered firms.<sup>1</sup> I suspect that the incremental benefit of imposing the requirement of the non-Big 4 firms in this category is negligible. I would therefore impose the requirement only on the Big 4 firms.

***12. Should financial statements for any subset of firms be disclosed publicly?***

No. The PCAOB has not articulated a compelling rationale for public disclosure of accounting firms' financial statements.

***13. Is the requirement that financial statements be presented in accordance with an applicable financial framework reasonable? Are the accommodations allowed during the interim transition period reasonable? Are there exceptions or modifications to the applicable financial reporting framework that we should accept?***

No. Issuers are required to comply with GAAP so that investors, who are not trained in accounting, can compare companies when making investment decisions. The PCAOB staff should have sufficient accounting knowledge and expertise to read financial statements and understand the significant accounting policies and methods used. Accounting firms should not be required to create a separate set of financial statements solely for the purpose of submitting them confidentially to the PCAOB.

***14. Specifically regarding the requirement to provide notes that would reconcile non-conforming financial statements for years 1 and 2 if a firm does not conform to its applicable financial reporting framework, are there further accommodations we should permit such as requiring reconciliation notes only where "feasible" or "practicable"? Should we instead require a firm to provide reconciliation notes or explain why it is not able to do so?***

The PCAOB should eliminate the proposed reconciliation requirement and permit accounting firms to provide non-GAAP financial statements if the footnotes explain the significant accounting policies and methods employed.

***15. Should we define the fiscal year for firms required to submit financial statements?***

No. The proposal provides no justification for requiring firms to incur the cost to prepare a complete set of annual financial statements in addition to those already prepared as of the firm's fiscal year-end. The PCAOB is currently obtaining financial statements from the GNF firms and does not discuss any difficulties arising due to the time periods reported in those financial statements.<sup>2</sup>

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<sup>1</sup> See footnote 63 on page 25 of the proposal.

<sup>2</sup> See page 49 of the proposal.

**16. Should we consider other changes related to the submission of financial statements such as the requirement for a certification by an officer of the audit firm?**

The PCAOB should not require the certification of accounting firm financial statements by an officer of the audit firm.

**17. Should we consider any amendments to our rules (e.g., the definition of “audit services”) to clarify how to comply with the proposed reporting requirements?**

No.

**18. Should we consider requiring more structured reporting such as XBRL of the financial statements or any other element of this proposal? Are there other ways to incorporate a data taxonomy into reporting? Are there other approaches we should consider to increase the utility of reported financial information both internally and for the public?**

No. I agree with the PCAOB’s proposal to maintain the confidentiality of financial statements, so there is no need for XBRL.

**19. Should we include a de minimis threshold below which fee information need not be reported?**

I would not oppose a de minimis threshold for fee information.

**20. Should we consider changing the reporting period (April 1 through March 31) and reporting deadline (June 30) of Form 2 in light of the additional proposed financial reporting items, or any of the other additional proposed period reporting items? Should we consider revising the Form 2 reporting period and deadline to align with the reporting period and deadline for Form FM included in the Firm and Engagement Metrics proposal, for example?**

No. Since the majority of issuers have calendar year ends with 10-K reporting deadlines between February 28 and March 31, it makes the most sense for audit fee reporting to be for the period April 1 through March 31.

**21. Are there any other changes to this provision that the Board should consider?**

The proposed requirement to provide separate financial statements by service line (audit services, other accounting services, tax services, and non-audit services subject to PCAOB oversight) should be dropped. The public accounting business model is not complicated – the majority of costs are salaries incurred in the generation of revenue. The proposal separately requires disclosure of fees by category. There is no need for firms to develop arbitrary cost allocations in order to present financial statements by service line.

**22. Are the proposed requirements for audit firm governance information clear and appropriate? Will they elicit useful information for investors, audit committees, and other stakeholders? Should we consider additional requirements?**

Yes. This information (i.e. Proposed Item 1.4) may be useful to audit committees as they make auditor selection and retention decisions.

**23. Will the proposed requirements elicit sufficient information regarding firm leadership and management bodies?**

By providing the names of the individuals, it will be evidence that someone has been assigned to each role and, by comparing to prior periods, whether there has been turnover in these positions. Some audit committees may have specific questions about the qualifications and experience of these individuals as well as the length of tenure in the positions. I do not think that, in establishing the requirements, the PCAOB should try to anticipate every question that an audit

committee might have since audit committees have the ability to request information from current and prospective auditors.

**24. *Will the proposed requirements meaningfully contribute to improving audit quality?***

There are two ways that the requirements to provide audit firm governance might improve audit quality. First, this information may help diligent audit committees in making decisions with respect to hiring, retaining, and dismissing their audit firms. Second, requiring firms to disclose this information may incentivize them to improve governance mechanisms. Although I can imagine how these requirements might improve audit quality, I am not certain that they ultimately would improve audit quality or that any such improvements would, in fact, be meaningful or consequential.

**25. *Is the proposed request to describe the legal structure, ownership, and governance of the firms sufficiently specific?***

I think the request to describe the legal structure, ownership and governance of the firms is sufficiently specific. This information is particularly relevant since some firms are beginning to explore alternative structures including employee stock ownership and private equity investments.

**26. *Should the proposed requirements ask for information regarding alternative practice structures, including the role of private equity investments in accounting firms?***

Yes. I think that asking for “a description of the legal structure, ownership, and governance of the firm” should include the voting rights and other restrictions resulting from private equity investments.

**27. *Is the proposed approach to governance information appropriate? Are there governance-related metrics we should consider requiring?***

Yes. I agree with the proposed approach to governance information.

**28. *Is the enhanced network information appropriate and will the network related requests elicit useful information for investors, audit committees, and others?***

No. The proposed requirements focus on issues related to the financial strength of the network, while ignoring information that would be much more relevant and useful to audit committees as they make decisions with regard to the selection and retention of external auditors. Examples of network information that would be more relevant and appropriate include:

- Whether the network has a common audit methodology that is used by all member firms.
- Whether auditors throughout the network receive the same or similar training.
- Whether the network establishes minimum quality control policies and procedures that are implemented by each member firm.
- Whether the network conducts periodic inspections of its member firms and, if so, the frequency of those inspections and the extent to which the results of inspections are disseminated throughout the network.
- How the information about each member firm’s clients is communicated across the network to facilitate compliance with the independence rules.

**29. Should we consider further limiting the types of networks that are subject to the proposed enhanced requirements or, for example, consider tiered requirements under which smaller firms would be required to disclose a reduced set of items?**

No. The requirements should be the same regardless of network affiliation. However, see my response to Question 28 for suggestions regarding the content of the network information that should be required.

**30. Should we consider requesting network membership agreements as part of the requirements for network information? If so, should they be confidentially or publicly reported to the PCAOB?**

No. The proposal does not provide any rationale for obtaining network membership agreements. I think the information that would be most relevant to audit committees are those items discussed in my response to Question 28.

**31. Should we consider some other period for reporting? Is the “more promptly” component sufficiently clear and workable? Are there specific items or events that necessitate reporting more promptly than 14 days that we should clearly delineate? Should material events, for example, be reported more promptly (e.g., within five business days)? Should the PCAOB align its reporting deadlines and requirements with those of the SEC’s Form 8-K?**

The proposal does not provide a compelling argument for reducing the period from 30 days to 14. The only justification the proposal provides for imposing a significantly shorter period is “that increased automation and processing of information since the adoption of Form 3 warrants more accelerated special reporting.”<sup>3</sup> However, the proposal also acknowledges that the Board may not do anything in response to the information.<sup>4</sup> I do not believe there is sufficient justification for a shorter timeline.

**32. Is 14 days sufficient time for smaller firms or non-U.S. firms to comply with the proposed reporting requirement?**

No. The proposal does not provide sufficient justification to shorten the time from 30 days to 14 days.

**33. Currently, for special reporting, the firm is deemed to have become aware of the relevant facts on the date that any partner, shareholder, principal, owner, or member of the Firm first becomes aware of the facts, triggering the reporting obligation. Is this a reasonable trigger for the beginning of the special reporting timeframe? Should the trigger for material event reporting be different, i.e., the date on which the firm determines the event to be material?**

The trigger for material event reporting should be the date on which firm management is made aware of the event and determines the event to be material.

**34. Will the additional material event reporting requirement elicit useful information for stakeholders? Is the non-exhaustive list helpful in understanding potential subjects for material event reporting?**

The rationale for the material event reporting requirement is that it “would provide the PCAOB with more complete information regarding the audit firm and its audit practice.”<sup>5</sup> Moreover, this

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<sup>3</sup> See page 36 of the proposal.

<sup>4</sup> The proposal (p. 36) states, “the special triggers, in and of themselves, do not need to provide a basis for formal action by the Board. Rather, they need only to be appropriate subjects for follow-up. Such follow-up may result in formal action by the PCAOB, such as an inspection or investigation.”

<sup>5</sup> See page 36 of the proposal.



information is proposed to be confidential. Since this information is proposed to be provided only to the PCAOB, its relevance to stakeholders is not germane. I agree that material event reporting should be confidential for the reasons described in the proposal.

**35. *Is the use of the term “material” appropriate? Is the guidance on this topic clarifying? Should we limit the event reporting using a different threshold (e.g., significant)?***

Since auditors generally apply the concept of materiality in a different context (i.e. the audit of financial statements and internal control over financial reporting), I think that it might be helpful if the PCAOB were to more clearly define materiality in the context of regulatory reporting.

**36. *To the extent certain enumerated material event reporting items would be reported on Form 4 (e.g., acquisition or change in control), should we consider changes to Form 4 in addition to or in lieu of changes in special reporting requirements? Should we consider combining Form 4 with Form 3?***

I have no opinion with respect to this question.

**37. *Is the proposed cybersecurity incident reporting requirement formulated clearly?***

Yes, I think the expectation for the following information is clear and reasonable: “a brief description of the nature and scope of the incident; when it was discovered and whether it is ongoing; whether any data was stolen, altered, accessed, or used for any unauthorized purpose; the effect of the incident on the firm’s operations; whether the firm has remediated or is currently remediating the incident; and whether the firm has reported the incident to other authorities.”<sup>6</sup>

**38. *Should cybersecurity incident reporting be completely confidential or should there be some degree of public reporting?***

I do not believe the PCAOB should establish rules for public reporting of cybersecurity incident reporting.

**39. *Should the reporting be more prompt? Should we require, for example, that cybersecurity incidents be reported immediately, or with all practicable speed but no later than five business days?***

No. The proposal does not provide any meaningful discussion regarding actions the PCAOB might take immediately in response to a cyberattack and thus, provides no compelling rationale for firm reporting of such incidents. When a firm faces a cyberattack, an immediate reporting requirement might distract management from more important steps in addressing the issue. I think that the proposed period of five days is too short and should, instead, be 30 days like any other reportable event.

**40. *Should we require reporting additional information regarding the incident such as whether the firm has hired security consultants to assist with its response?***

No. A firm’s decision to use qualified internal resources or external consultants in response to a cyberattack is not relevant to audit quality and is outside the scope of PCAOB regulation.

**41. *Should we provide more guidance regarding how the significance of a related group of cybersecurity incidents should be determined or when the filing deadline should begin to run for a related group of cybersecurity incidents?***

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<sup>6</sup> See page 40 of the proposal.

Yes. Given the PCAOB's recent focus on enforcement actions and stiff penalties related to Form 3 reporting, the PCAOB's expectations with respect to when related cybersecurity incidents trigger multiple reporting requirements should be made very clear.<sup>7</sup>

**42. *Would the proposed confidential reporting to the PCAOB create any conflicts with other obligations that audit firms may incur when they experience a cybersecurity incident?***

None that I am aware of.

**43. *Is the proposed cybersecurity policies and procedures reporting requirement formulated clearly?***

The proposed Item 1.5 seems highly focused on providing information regarding the extent to which a firm has engaged third parties to assist with cybersecurity matters. It seems to me that some firms may hire employees with cybersecurity expertise. I would limit the required disclosure to "Provide a brief description of such policies and procedures as Exhibit 1.5, including whether and how any such policies and procedures have been integrated into the registrant's overall risk management systems or processes."

**44. *Should we define any other terms (e.g., "information systems") in Form 3 similar to how we currently propose to define "significant cybersecurity incidents"?***

I do not have an opinion on this question.

**45. *Are there any unintended consequences of our proposed approach? If so, what are they?***

The proposal fails to provide sufficient justification for a shortened period for Form 3 reporting. Firms may incur significant costs to comply. For example, firm management may need to meet with key leaders more frequently because monthly meetings will be inadequate to address the proposed 14 day reporting deadline. The PCAOB has not articulated a meaningful explanation for why it needs the information sooner.

**46. *Would this update be useful to investors, audit committees, and other stakeholders?***

No. The PCAOB should be obtaining an understanding of firms' systems of quality control as part of the inspection process in accordance with the requirements of the Sarbanes-Oxley Act. I suspect that any such statement would be boilerplate. The PCAOB's inspection of quality control is far more important than a brief statement affirming that a firm has implemented a system of quality control that addresses the elements in the quality control standard.

**47. *Should we require updated statements? For example, should we require an update for material changes to quality control policies and procedures?***

No. The PCAOB should be examining changes in quality control as part of its inspection process.

**48. *Would any other procedural approach (e.g., in conjunction with any other PCAOB form) be more efficient for firms or more helpful for public access to information?***

None that I am aware of.

**49. *Have we appropriately described the baseline? If not, how can we improve the analysis?***

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<sup>7</sup> For example, on March 28, 2024, the PCAOB censured PwC Australia and imposed a \$600,000 civil monetary penalty for failure to timely file Form 3s (see [https://assets.pcaobus.org/pcaob-dev/docs/default-source/enforcement/decisions/documents/105-2024-015-pwc\\_australia.pdf?sfvrsn=b3b95269\\_1](https://assets.pcaobus.org/pcaob-dev/docs/default-source/enforcement/decisions/documents/105-2024-015-pwc_australia.pdf?sfvrsn=b3b95269_1)).

The proposal notes that the PCAOB currently obtains financial statements from the GNF firms, but does not explain how obtaining such information has informed the inspection process. Given that the PCAOB is currently receiving GNF firm financial statements, it fails to explain why the non-GAAP financial statements are inadequate and why it proposes to require the firms to prepare and submit financial statements in accordance with GAAP.

**50. *Is the literature cited for the baseline fairly represented? If not, please explain.***

In my reading of the proposal, I did not identify any glaring deficiencies.

**51. *Are there additional studies or data that would inform our analysis of the baseline? If yes, please direct us to them and explain how they would inform the analysis.***

One of the arguments for the proposed changes is that the information will be useful to investors. A similar argument was made for introduction of Form AP. The proposal fails to cite published research that suggests that investors fail to access Form AP when provided the opportunity, and that Form AP information does not influence their decisions. For example, see:

Hux, Candice T. 2021. How does disclosure of component auditor use affect nonprofessional investors' perceptions and behavior? *Auditing: A Journal of Practice & Theory* 40 (1): 35-54. <https://doi.org/10.2308/AJPT-18-116>.

**52. *Have we appropriately described the problem and how the proposal would address it, including investor and audit committee needs for consistent and comparable information across audit firms and over time? If not, how can we improve the analysis?***

The proposal does not sufficiently explain how investors would use the additional information other than to suggest they might consider it when voting for auditor ratification. For example, the proposal provides no evidence that audit committees are deficient in obtaining relevant information for purposes of selecting and retaining auditors.

**53. *Is the literature cited for the need fairly represented? If not, please explain.***

The proposal cites research by Joseph Gerakos and Chad Syverson that finds “evidence that the exit of any of the largest firms would result in a loss of welfare and an increase in audit fees for public companies” as a basis for requiring information regarding market consolidation.<sup>8</sup> This finding relates to the largest firms, and therefore does not justify requiring all registered firms to provide the information.

**54. *Are there additional studies or data that would inform our analysis of the need? If yes, please direct us to them and explain how they would inform the analysis.***

None that I am aware of.

**55. *Have we appropriately described the benefits, including potential benefits for smaller firms or issuers and including potential benefits that would accrue to investors and audit committees? If not, how can we improve the analysis?***

I agree that some of the proposed requirements would provide information useful to audit committees for purposes of contracting with audit firms.

**56. *Is the literature regarding benefits fairly represented? If not, please explain.***

I do not have any concerns.

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<sup>8</sup> See footnote 153 on page 59 of the proposal.

**57. Are there additional studies or data that would inform our analysis of the benefits? If yes, please direct us to them and explain how they would inform the analysis.**

None that I am aware of.

**58. Are there any quantifiable benefits? If yes, please: (i) identify them; (ii) describe a methodology to quantify them; (iii) explain why the methodology is appropriate and relevant to the proposal; and (iv) direct us to any studies or data on which the methodology relies.**

No.

**59. Have we appropriately described the costs, including potential costs for smaller firms or issuers? If not, how can we improve the analysis?**

I believe the proposal understates the compliance costs associated with proposed special reporting of specified events because many firms will have to increase the frequency of meetings in order to comply with the 14-day period. Previously, if management met monthly, they could identify and discuss any issues that arose and respond within the 30-day period.

**60. Is the literature regarding costs fairly represented? If not, please explain.**

Nothing of concern came to my attention.

**61. Are there additional studies or data that would inform our analysis of the costs? Are there any data regarding burden hours to complete Form 2 or Form 3? If yes, please direct us to the additional studies or data and explain how they would inform the analysis.**

None that I am aware of.

**62. Are there any quantifiable costs? If yes, please: (i) identify them; (ii) describe a methodology to quantify them; (iii) explain why the methodology is appropriate and relevant to the proposal; and (iv) direct us to any studies or data on which the methodology relies.**

I believe the firms themselves are a better source of data regarding costs.

**63. Have we appropriately described the potential unintended consequences? If not, how can we improve the analysis?**

I agree that some audit firms may exit the market due to the additional compliance costs the PCAOB proposes to impose on them.

**64. Is the literature regarding unintended consequences fairly represented? If not, please explain.**

Nothing of concern came to my attention.

**65. Are there additional studies or data that would inform our analysis of unintended consequences? If yes, please direct us to them and explain how they would inform the analysis.**

None that I have identified.

**66. Have we appropriately described the alternatives considered? If not, how can we improve the analysis?**

This is difficult because the proposal has not clearly stated a problem. This proposal seems to be a solution in search of a problem. Thus, it is difficult to identify alternatives to an ambiguous problem.

**67. Are any alternative approaches preferable to the proposed approach? If yes, please describe them and explain why they are preferable.**

The Board could accept the unaudited, non-GAAP financial statements it is already receiving from the GNFs rather than imposing a new requirement to provide GAAP-based financial statements.

The Board could retain the 30-day deadline rather than imposing a shorter, 14-day deadline for reportable events (and 5-days for cyberattacks).

**68. *Are there studies or data that would inform our analysis of alternatives? If yes, please direct us to them and explain how they would inform the analysis.***

None that I have identified.

**69. *Have we appropriately considered the impacts of the proposal on EGCs, including impacts on efficiency, competition, and capital formation?***

Yes.