MaloneBailey, LLP

June 26, 2026

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, NW
Washington, DC 20006-2803

Re: PCAOB Release No. 2026-002 – Supplemental Request for Comment on Proposed Amendments to QC 1000 and Related Rules and Forms

Dear Board Members:

MaloneBailey, LLP appreciates the opportunity to comment on the PCAOB's Supplemental Request for Comment on potential amendments to certain provisions of QC 1000, related amendments to the QC reporting rule, and PCAOB forms, issued on June 9, 2026.

We are generally supportive of the proposed amendments, which we believe appropriately respond to stakeholder feedback by enhancing flexibility, reducing unnecessary complexity, and improving scalability, while maintaining the Board's investor protection objectives. We commend the PCAOB for reconsidering aspects of QC 1000 in light of implementation experience and for seeking to address areas where requirements may be more prescriptive or costly than necessary.

While we support the proposed changes, our comment relates to paragraph .34 of QC 1000, a provision not modified in this supplemental proposal, but which we believe raises similar concerns regarding cost, scalability, and proportionality, particularly for firms with profiles such as ours.

As a firm that serves a significant number of public company clients—primarily micro-cap and small-cap issuers—we believe our experience is directly relevant to the Board's stated objective of evaluating whether certain requirements impose costs that are not necessary to achieve regulatory goals.

Summary of Our Concern

We are concerned with the requirement in paragraph .34 of QC 1000 applicable to firms auditing more than 100 issuers, which requires processes to identify firm and personal relationships and track financial interests with restricted entities.

While we support the objective, we believe the requirement, as drafted, would result in disproportionate costs and implementation burden for firms like MaloneBailey that:

- Audit a relatively high volume of issuers, but
- Serve primarily less complex organizations with limited subsidiary structures, and
- Currently manage independence effectively through centralized spreadsheet-based processes

For firms operating in this environment, the proposal would likely require significant investment in systems and infrastructure, with limited incremental benefits to audit quality.

Comments

Disproportionate Burden for Micro- and Small-Cap Focused Firms

MaloneBailey's issuer client base generally exhibits low organizational complexity, enabling effective independence monitoring through controlled, manual processes. In light of the Board's acknowledgment that certain QC 1000 provisions may impose higher costs than necessary relative to their benefits, we believe paragraph .34 presents similar concerns for firms with comparable profiles.

Threshold Does Not Reflect Complexity

The "more than 100 issuers" threshold does not distinguish between firms auditing complex multinational entities and those auditing numerous smaller, less complex issuers. As reflected in stakeholder feedback cited by the Board, certain prescriptive requirements may increase cost and complexity without commensurate audit-quality benefit.

Suggested Approach

We respectfully recommend that the PCAOB consider the following:

- **Explicit Scalability -** Clarify that firms may design processes commensurate with their size, complexity, and risk, including permitting spreadsheet-based approaches where effective.
- **Refined Threshold or Qualitative Factors -** Incorporate considerations beyond issuer count, such as certain client market cap thresholds, organizational complexity, global footprint, and affiliate structure.

Conclusion

We support the PCAOB's efforts to refine QC 1000 and reduce unnecessary cost and complexity while maintaining audit quality. We believe that extending this same approach to paragraph .34 would further advance these objectives and better accommodate firms serving the micro- and small-cap market.

We appreciate your consideration of our comments and would be pleased to discuss further.

Sincerely,

MaloneBailey, LLP