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PROPOSED RULES ON)	
SUCCEEDING TO THE)	
REGISTRATION STATUS OF)	PCAOB Release No. 2006-005
A PREDECESSOR FIRM)	May 23, 2006
)	
)	PCAOB Rulemaking
)	Docket Matter No. 020

Summary: The Public Company Accounting Oversight Board ("Board" or "PCAOB") is proposing rules that, in certain circumstances, would allow a registered public accounting firm's registration status to continue with an entity that emerges after a merger or other change in the registered firm's legal form. The proposal consists of two new rules (PCAOB Rules 2108 and 2109) and a form (PCAOB Form 4). The Board invites public comment on the proposal and will consider all comments received, modify its proposal as it deems appropriate, and submit a final rule to the Securities and Exchange Commission ("Commission") for approval pursuant to Section 107 of the Sarbanes-Oxley Act of 2002 ("the Act").

Public Comments: Interested persons may submit written comments to the Board. Such comments should be sent to the Office of the Secretary, PCAOB, 1666 K Street, N.W., Washington, DC 20006. Comments also may be submitted by e-mail to comments@pcaobus.org or through the Board's Web site at www.pcaobus.org. All comments should refer to PCAOB Rulemaking Docket Matter No. 020 in the subject or reference line and should be received by the Board no later than 5:00 p.m. (EDT) on July 24, 2006.

Board Contacts: Sarah Williams, Associate Director, Division of Registration and Inspections (202-207-9076; williamss@pcaobus.org); Heidi Murdy, Assistant General Counsel (202-207-9162; murdyh@pcaobus.org) and, for questions relating to non-U.S. firms, Rhonda Schnare, Director of International Affairs (202-207-9167; schnarer@pcaobus.org).

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I. Background

The Board is proposing rules that, in certain circumstances, would allow a registered firm's registration status to continue with an entity that emerges after a merger or other change in the registered firm's legal form. Because a firm's registration is essential to its ability lawfully to audit issuers, and an issuer's compliance with federal law and regulations depends upon its auditor being registered, disruption of a firm's registration should not be taken lightly. The proposed rules would allow a firm to succeed outright to a predecessor's registration in certain circumstances without any disruption in registration status. In other circumstances, the proposed rules would allow for temporary succession for a transitional period of up to 90 days while the firm seeks registration by filing its own application on Form 1.

II. Overview of the Proposed Process

The proposed rules afford the opportunity for continuity in two general categories of circumstances: (1) changes related to a firm's legal form of organization or the jurisdiction in which it is organized, and (2) transactions in which a registered firm is acquired by an unregistered entity or combines with other entities to form a new legal entity. The events to which the proposed rules would apply are events for which a firm plans, not unanticipated events to which a firm reacts. The proposed rules are designed to facilitate a firm's ability to factor into its planning, and to predict with certainty, whether and how continuity of registration can be maintained.

To provide that predictability, the proposed rules provide for a form the firm must file (Form 4), set a deadline for filing the form, and require certain information and representations in the form. If the firm files the form within the required timeframe, provides the required representations, and certifies that all required information is included, then continuity of registration is automatic, without the need for separate Board action.^{1/}

^{1/} Under the proposal, a Form 4 would be treated as "filed" when a signed form, completed in accordance with the form's instructions, is submitted. Upon filing, continuity of registration would occur by operation of the rule. (Subsequent discovery of false representations or certifications in the form would be grounds for disciplinary sanctions, potentially including revocation of registration.) As described in Section V below, a submission that is deficient solely because it is late could, in the discretion of the Board, be accepted for filing.

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While the proposed rules and form provide the opportunity for continuity in appropriate circumstances, they also build in safeguards to ensure that an entity does not succeed to an existing registration under circumstances where applying for registration on Form 1 would be more appropriate. The limitations on the use of the Form 4 succession process instead of the Form 1 registration process, and the safeguards built into the proposed form to ensure that the Form 1 process is not inappropriately circumvented, are discussed in Section III below.

Under the proposed rules, to obtain continuing effectiveness of an existing registration, whether for outright succession or for the transitional period not to exceed 90 days, the firm must acknowledge the continuity of, and voluntarily commit to honor, certain obligations that accompany the registration status. Those obligations, described below, fall into two categories: continuing consent to cooperate with the Board and continuing responsibility for the conduct of predecessor registered firms.

Proposed Form 4 requires that the firm affirm its consent to cooperate with the Board and enforce cooperation by the firm's associated persons. Tracking the consent language included in Form 1 (and in proposed Form 2), proposed Form 4 requires the firm (1) to affirm its consent to cooperate with Board requests for testimony or documents, (2) to affirm that it has secured from each of its associated persons the required consents to cooperate with the Board, and (3) to affirm the firm's understanding and agreement that its cooperation and compliance, and the securing and enforcing of consents from its associated persons, is a condition of its continued registration with the Board. Under the proposed rule, subject only to an accommodation for firms that face non-U.S. legal obstacles,^{2/} the firm's affirmation of these points is strictly required, and the Board's system will not accept for filing a Form 4 that does not include it.

^{2/} The proposed rules include accommodations for foreign registered firms that assert that non-U.S. law limits their ability to provide certain affirmations or information required by Form 4. These accommodations are discussed in Section VI below. In addition, a note to the continuing obligations section in Form 4 explains that the affirmation shall not be understood to include an affirmation that the firm has secured consents from associated persons that are unregistered foreign firms that assert that non-U.S. law prohibits them from providing the consent, as long as certain requirements concerning that assertion are satisfied. The point of the note is solely to put a parameter on the affirmation being made. The proposal includes this parameter to facilitate a Form 4 affirmation concerning all other associated person consents, without miring the affirmation point in the issues raised by unregistered foreign firms' assertions about non-U.S. restrictions. This parameter on the Form 4 affirmation is not intended to modify a firm's obligation, under Section 102(b)(3)(A) of the Act, to

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Proposed Form 4 also requires an affirmation that, for purposes of the Board's authority with respect to registered public accounting firms, including but not limited to the authority to impose disciplinary sanctions, the firm either has retained or willingly assumes legal responsibility for the conduct of any predecessor registered public accounting firm before the transforming event took effect. Where the transforming event is a change in the legal form of organization, or the jurisdiction of organization, of an entity that otherwise remains substantially the same, this affirmation means that the firm accepts continuing responsibility for, and the possibility of sanctions for, its conduct before the event. Where the transforming event is a combination of two or more entities, this affirmation means that the resulting entity accepts responsibility for, and the possibility of sanctions for, the conduct of any of the combining entities that were registered public accounting firms at the time of the combination.

The affirmation of continuing responsibility for a predecessor's conduct is not intended to create any new liability, nor is it intended to affect the legal consequences of the transforming event with respect to any person or entity other than the Board. The affirmation means only that a registered firm cannot succeed to registration through the Form 4 process while effectively cutting off accountability to the Board for its conduct as a registered firm before the transforming event. A firm that is unwilling to provide the affirmation may not avail itself of the Form 4 process for continuing registration. The proposed rule allows for no exceptions. The Board's system will not accept for filing a Form 4 that fails to include this affirmation.

The proposed Form 4 process is not intended to affect the applicability of any aspect of Commission rules or Commission staff guidance. The process would not, for example, have any bearing on whether the firm's transforming event constitutes a change in auditor required to be reported pursuant to Item 4.01 of the Commission's Form 8-K.^{3/} Nor would a firm's Form 4 affirmation of continuing responsibility for a predecessor's conduct have any bearing on how an

secure the required consents, and it is not in any way an exercise of the Board's exemption authority under Section 106(c) of the Act.

^{3/} Guidance issued by the Commission staff provides that a "merger of public accounting firms always results in a change in accountants due to the change in legal entity of the firm that performs the audit. . . . An Item 4.01 Form 8-K must be filed no later than 4 business days after the merger." *See Current Accounting and Disclosure Issues in the Division of Corporation Finance* (December 1, 2005) at 58 (available on the Commission's Web site at www.sec.gov/divisions/corpfin/acctdis120105.pdf).

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issuer satisfies its obligation to file with the Commission an audit opinion for a prior period in circumstances where the firm that issued the opinion no longer exists.^{4/} The Form 4 process would not affect any such issues; it would merely allow the new entity to operate as a registered firm, regardless of whatever other regulatory issues are triggered by the transforming event.

III. Circumstances in Which Form 4 Succession Would Be Available

The proposed rules afford the opportunity for continuity of registration in two categories of circumstances. Aspects of each category are described below.

A. Changes in Form of Organization or Jurisdiction of Organization

Under the proposed rules, if a firm changed its legal form of organization, such as changing from a private corporation to a limited liability partnership, the firm could secure its continuing registration status through the Form 4 process and would not need to again seek registration with the Board by filing a Form 1. Similarly, if a firm were to change the jurisdiction under the law of which the firm is organized (i.e., reorganize under the law of a different state, while otherwise remaining substantially the same firm), it could secure its continuing registration status through the Form 4 process.

This Form 4 option is available only in circumstances where the successor firm is under substantially the same ownership as the predecessor firm.^{5/} This Form 4 option is not available to facilitate any transfer of registration status from one firm (such as a firm exiting the business of auditing issuers) to a different firm. Nor is it available when a firm is dissolving, and a minority of the firm's members form a new firm for which they would like to use the old firm's registration.

^{4/} See id. ("Should the new firm be willing to assume liability for the old firm's audits, it could issue a new opinion that covers the prior audited periods and provide consents to the use of that opinion.")

^{5/} For purposes of this Form 4 item, the firm in its new form is considered to be under substantially the same ownership as the predecessor if a majority of the predecessor's partners, principals, or shareholders are partners, principals, or shareholders of the firm in its new form and constitute a majority of that firm's partners, principals, or shareholders.

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B. Acquisitions of, or Combinations Involving, a Registered Firm

The proposed rules would allow for continuity of registration in certain circumstances when a registered firm is acquired by an unregistered entity, or when a registered firm combines with other entities to form a new legal entity.^{6/} Under the proposed rules, the firm that results from such a transaction can operate under the predecessor registered firm's registration if certain conditions are satisfied. The Form 4 submitted by the firm must indicate the existence of each condition. In the absence of the necessary representation concerning any of these points, the Board's system will not accept the Form 4 for filing and the registered firm's registration status will not continue with the firm that resulted from the transaction.

First, the firm must include as part of the Form 4 filing a signed statement, by a person who is a member of the new firm and was a member of the predecessor registered firm at the time of the transaction, certifying that the predecessor registered firm intended for its registration to attach to the new entity and that the predecessor registered firm has ceased to exist as a public accounting firm.^{7/} Second, if the combining entities include more than one registered public accounting firm, the firm filing the Form 4 must specify the firm to which it will succeed, and the firm must indicate that any other registered firm among the combining entities has filed PCAOB Form 1-WD seeking permission to withdraw from registration.^{8/}

^{6/} If a registered firm combines with another entity by acquiring the other entity or otherwise merging in a way that the resulting legal entity is the same legal entity that was the registered firm, the firm's registration continues without the need for a Form 4 filing. In the event that a registered firm acquires another firm (whether registered or not), the acquiring firm would be required to report the transaction in Part VIII of its annual report on Form 2, which the Board has proposed in a separate release today. See Proposed Rules on Periodic Reporting by Registered Public Accounting Firms, PCAOB Release No. 2006-004 (May 23, 2006) ("Proposed Reporting Rules").

^{7/} This does not necessarily mean that the predecessor entities must completely cease to exist. The proposal allows for the possibility that a registered firm might somehow combine its public accountancy practice with another firm, and seek continuity of its registration in that other firm, while the legal entity in which that practice was previously housed continues in a line of business other than the practice of public accounting.

^{8/} This requirement facilitates the principally administrative objective of keeping the Board's list of registered firms free of entities that no longer exist

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Third, the firm must respond to three yes-or-no questions on Form 4. Assuming that the form is otherwise completed and submitted in accordance with Rule 2109, the answers to these three questions will determine whether the firm succeeds outright to the registration of the predecessor or whether the firm merely receives the benefit of a transitional succession not to exceed 90 days.

Two of the three yes-or-no questions focus on any entity or entities involved in the transaction that were not registered firms immediately before the transaction. Form 4 asks (1) whether any such entity, if it were filing an application for registration on Form 1, would have to provide an affirmative response to the items on Form 1 that ask about the existence of a disciplinary history or the existence of certain civil proceedings, and (2) whether any such entity issued any audit report with respect to an issuer on or after October 22, 2003 (or, if the entity is a non-U.S. entity, July 19, 2004), and has never had an application for registration approved by the Board. The third question asks whether the firm submitting the form is operating without holding any license or certification issued by a state, agency, board, or other authority authorizing the firm to engage in the business of auditing or accounting. If the firm answers yes to any one of these three questions, the firm could not remain registered without filing, and obtaining Board approval of, an application on Form 1. For the sake of continuity for any issuer clients, however, the firm would receive the benefit of a transitional succession to registration for up to 90 days beyond the effective date of the acquisition or combination, so long as the firm represents that it either has filed, or intends to file within 45 days of the effective date of the acquisition or combination, an application for registration on Form 1.

IV. Relationship Between Form 4 and Proposed Reporting Requirements

Transactions with respect to which a firm uses the proposed Form 4 process could involve the successor registered firm emerging with a different name or different professional licenses than the predecessor registered firm. The Board has today separately proposed rules and a form (Form 3) requiring registered firms to report to the Board when certain events occur, including a name change or a change in professional licenses.^{9/}

or no longer practice public accounting. If the Board does not receive notice that a registered firm has merged into another entity or gone out of business, the Board would eventually expend resources following up on the firm's failure to file required annual reports or possibly include the firm in inspection planning for a given year.

^{9/} See Proposed Reporting Rules at A-34, A39-A41.

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If a name change or change in professional licenses occurs in connection with an event concerning which a firm files Form 4, the firm need not, and should not, separately report those changes on Form 3, because they should be reported on Form 4. Notes in Parts VII and VIII of proposed Form 3 include a reminder on this point.

V. Timing and Catch-Up Filings

For succession to registration to take effect automatically upon filing under the proposed rules, Form 4 must be filed within 14 days after the effective date of the transforming event. The time allowed is relatively short, but the transforming events to which Form 4 applies are events for which firms plan. As a general matter, it is important to file a Form 4 as early as possible, to minimize any period of public uncertainty about whether the firm has the Board registration status that it must have in order to provide audit services to issuers. If a firm plans to use the Form 4 process in connection with such an event, there is no burden or hardship in requiring the filing of the form close in time to the effective date of the event.

Even so, the proposed rules make some allowance for late filing. Under the proposal, a firm that fails to file Form 4 within the 14-day period may submit a late Form 4 and request that the Board grant leave to file the form out of time. In a late submission, the firm should include as an exhibit to the form a statement in support of its request for leave to file out of time. If the Board grants the request and allows the form to be filed, the firm will succeed to the predecessor's registration (either outright or for the transitional period described above). A firm submitting a late Form 4, however, should make no assumption about whether the Board will allow it to be filed, nor about how soon the Board will address the request. The rule's provision for late submissions is not principally intended as an accommodation to firms, but is intended to afford the Board the opportunity to allow Form 4 succession, despite a late filing, when doing so would serve the public interest, such as when the disruption in registration might interfere with an issuer client's ability to comply with Commission filing requirements.

The proposed rules extend the option of Form 4 continuation of registration to firms that had a change in legal form, or that resulted from an acquisition or combination, in the period between the firm's registration and the effective date of the proposed rules. Some firms have advised the Board of such events as they occurred. Those firms, and others that have undergone such changes without advising the Board, should report the change on Form 4 within 14 days of proposed Rule 2108 taking effect if they wish to take advantage of the

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succession option and avoid finding themselves unregistered, by operation of proposed Rule 2108(c), and needing to apply for registration on Form 1.

VI. Amendments, Confidential Treatment, and Conflicts with Non-U.S. Law

Under the proposed rules, the provisions of certain other rules described in the Proposed Reporting Rules release would apply to a filing on Form 4 as if it were a filing on Form 3. Specifically, the provisions of the rules concerning signatures, amendments, and asserted conflicts with non-U.S. law (proposed Rules 2204, 2205, and 2207, respectively) would apply to a Form 4 filing, as would the provisions of Rule 2300 concerning confidential treatment requests.^{10/}

As with the proposal concerning Forms 2 and 3, the proposal concerning Form 4 includes accommodations for non-U.S. firms that may face non-U.S. legal restrictions on providing information or affirmations to the Board. Specifically, if a firm asserts that non-U.S. law prohibits the firm from providing the affirmation in proposed Item 4.1 (concerning the firm's consent to cooperate with the Board and the firm's obligation to secure similar consents from its associated persons), the firm may withhold the affirmation if it certifies that it is doing so on the basis of a non-U.S. legal restriction and that it has complied with proposed Rule 2207 with respect to the asserted conflict. All of the other Form 4 items, however, are very basic, are essential to the Board's ability to implement a process for automatic and predictable continuity of registration, and are not likely to trigger non-U.S. restrictions. Even if some non-U.S. restriction were triggered, no firm is ever required to file a Form 4; Form 4 would be merely an option made available as an accommodation to firms. Accordingly, the form would not allow for the assertion of a conflict on any item other than Item 4.1.

The provisions of Rule 2300 (as proposed to be amended in the Reporting Rules Release) would apply to requests for confidential treatment of specific information supplied on Form 4. Consistent with the approach in the Reporting Rules Release, proposed Form 4 limits the categories of information for which a firm could request confidential treatment. The proposal reflects an effort to identify categories of information as to which there is no realistically foreseeable basis for confidential treatment on the theory that precluding the possibility of confidential treatment requests for those categories will avoid having to delay publication of the information while the Board processes a baseless request.

^{10/} For a general discussion of the proposed rules concerning amendments and asserted conflicts with non-U.S. law, and the proposed amendments to Rule 2300, see Proposed Reporting Rules at 13-23.

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The Board does not take lightly the preclusion of confidential treatment requests. Section 102(e) of the Act requires the Board to honor "applicable laws relating to the confidentiality of proprietary, personal, or other information," and also requires that "in all events, the Board shall protect from public disclosure information reasonably identified by the subject accounting firm as proprietary information." In the case of Form 4, however, the very basic, nonpersonal, and nonproprietary nature of the required information leads the Board to propose foreclosing confidential treatment requests for almost all of the items in the form.¹¹ The Board encourages commenters to review the specific items in proposed Form 4 and to comment on whether the proposal overlooks any actual or realistically foreseeable legal requirement to maintain the confidentiality of information.

VII. Effective Date

Proposed Rules 2108 and 2109 and Form 4, if adopted, would take effect on the date that is 14 days after Commission approval. That delay would build in sufficient lead time for firms to become aware of Commission approval of the rules and to begin finalizing any Form 4 submissions that would be due shortly after the rules take effect, such as filings covering events that occurred before the effective date of the rules.^{12/}

^{11/} Proposed Form 4 would allow confidential treatment requests for Exhibit 99.3 and Exhibit 99.5, neither of which would be included routinely with a Form 4 filing. Exhibit 99.3 would be filed only in response to a request made by the Board or the staff, under proposed Rule 2207(d), that the firm submit certain supporting materials in connection with an asserted conflict with non-U.S. law. Exhibit 99.5 would be a firm's statement in support of a request for leave to file Form 4 out of time, and would only be included if the firm filed the form late.

^{12/} The timing of the effective date is proposed in coordination with the timing of effective dates for the proposed rules relating to special reporting, with a focus on the sequencing of any necessary catch-up filings for events that occurred after a firm registered but before these rules take effect. As proposed, any catch-up Form 4 that a firm wished to file would be due within 28 days after Commission approval of the rules, and any catch-up special report on Form 3 that a firm was required to file would be due within 35 days of Commission approval of the rules.

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VIII. Opportunity for Public Comment

Interested persons are encouraged to submit their views to the Board. Written comments should be sent to the Office of the Secretary, PCAOB, 1666 K Street, N.W., Washington, D.C. 20006-2803. Comments may also be submitted by e-mail to comments@pcaobus.org or through the Board's Web site at www.pcaobus.org. All comments should refer to PCAOB Rulemaking Docket Matter No. 020 in the subject or reference line and should be received by the Board no later than 5:00 p.m. (EDT) on July 24, 2006.

* * *

On the 23rd day of May, in the year 2006, the foregoing was, in accordance with the bylaws of the Public Company Accounting Oversight Board,

ADOPTED BY THE BOARD.

/s/

J. Gordon Seymour
Secretary
May 23, 2006

APPENDICES –

Proposed Rules on Succeeding to the Registration Status of a Predecessor Firm

Proposed Form 4 Instructions

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Appendix – Draft Rules and Form on Succeeding to Registration Status

SECTION 2. REGISTRATION AND REPORTING
Part 1 – Registration of Public Accounting Firms

2108. Succeeding to the Registration Status of a Predecessor

(a) In the event that a registered public accounting firm changes its form of organization or changes the jurisdiction under the law of which it is organized, in circumstances that do not involve an acquisition or combination as described in paragraph (b) of this Rule, the entity in its new form shall succeed to the registration status of the predecessor if the new entity is a public accounting firm and files a Form 4 in accordance with Rule 2109.

(b) In the event that a registered public accounting firm is acquired by an entity that is not a registered public accounting firm, or combines with any other entity or entities to form a new legal entity –

(1) if the acquiring entity or the new entity is a public accounting firm that files a Form 4 in accordance with Rule 2109, and the answer to each subpart of Item 3.2.e of that Form 4 is "no," that entity shall succeed to the registration status of the registered firm;

(2) if the acquiring entity or the new entity is a public accounting firm that files a Form 4 in accordance with Rule 2109, and the answer to any subpart of Item 3.2.e of that Form 4 is "yes," that entity shall not succeed to the registration status of the registered firm; provided, however, that if that entity represents on Form 4 that it has filed, or that it intends to file within 45 days of the effective date of the acquisition or combination, an application for registration on Form 1, then –

(i) subject to the qualification in subparagraph (ii), that entity shall temporarily succeed to the registration status of the registered firm for a transitional period, but that registration will cease to be effective on the earlier of the date that the entity's application on Form 1 is approved or the date that is 91 days after the effective date of the acquisition or combination as reported on Form 4; and

(ii) if the acquisition or combination took effect before the effective date of this rule, that entity shall temporarily

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succeed to the registration status of the registered firm for a transitional period, but that registration will cease to be effective on the earlier of the date that the entity's application on Form 1 is approved or the date that is 91 days after the effective date of this rule.

(c) Subject to paragraph (d) of this rule, a public accounting firm that results from events described in paragraphs (a) or (b) of this rule shall not, in the absence of compliance with the provisions of Rule 2109, succeed to the registration status of a predecessor registered public accounting firm.

(d) Notwithstanding paragraph (c) of this rule, if a public accounting firm's failure to comply with the provisions of Rule 2109 is solely a failure concerning the timeliness of the submission, the firm may request leave to file Form 4 out of time by indicating and supporting that request in accordance with the instructions to the form. The Board will evaluate any such request in light of the relevant facts and circumstances and the public interest and may, in its discretion, grant or deny the request. If the Board grants leave to file the form out of time, the Form 4 shall be deemed filed and the provisions of paragraphs (a) and (b) shall apply as if the Form 4 had been timely filed. A Form 4 that has been submitted out of time may be withdrawn by the firm at any time before the Board has approved or disapproved the request for leave to file out of time.

2109. Procedure for Succeeding to the Registration Status of a Predecessor

(a) A public accounting firm seeking to succeed to the registration status of a predecessor registered public accounting firm, pursuant to the provisions of Rule 2108, must do so by filing a Form 4 –

(1) no later than the 14th day after the change or business combination takes effect, if the change or business combination takes effect on or after **[insert effective date of this rule]**; or

(2) no later than **[insert date 14 days after effective date of this rule]**, if the change or business combination took effect before **[insert effective date of this rule]**.

(b) A public accounting firm filing a Form 4 must do so by filing the Form 4 in accordance with the instructions to that form. Unless directed otherwise by the

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Board, a public accounting firm filing a Form 4 must file the Form 4 and exhibits thereto electronically with the Board through the Board's Web-based system.

(c) A Form 4 shall be deemed to be filed on the date that the registered public accounting firm submits a Form 4 in accordance with Rule 2109(b) that includes the signed certification required in Part V of Form 4, *provided, however*, that any report so submitted after the applicable deadline as prescribed in paragraph (a) of this rule, shall not be deemed filed unless and until the Board, pursuant to Rule 2108(d), grants leave to file the Form 4 out of time.

(d) The provisions of Rule 2204 concerning signatures, shall apply to each signature required by Form 4 as if it were a signature to a report on Form 3. Rule 2205 concerning amendments, and Rule 2207 concerning assertions of conflicts with non-U.S. laws, shall apply to any submission on Form 4 as if the submission were a report on Form 3.

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FORM 4 – SUCCEEDING TO REGISTRATION STATUS OF PREDECESSOR

GENERAL INSTRUCTIONS

1. Purpose of this Form. Effective **[insert effective date of Rule 2109]**, this Form must be used to submit information, representations, and affirmations to the *Board*, pursuant to Rule 2109, by a *public accounting firm* that seeks to succeed to the registration status of a predecessor firm in circumstances described in Rule 2108.
2. Defined Terms. The definitions in the *Board's rules* apply to this Form. Italicized terms in the instructions to this Form are defined in the *Board's rules*. In addition, as used in the instructions to this Form, the term "the Firm" means the *public accounting firm* that is submitting this Form to the *Board*, and the term "the predecessor firm" means the *registered public accounting firm* identified in Item 1.1.a of the Form.
3. Submission of this Form. Unless otherwise directed by the *Board*, the Firm must submit this Form, and all exhibits to this Form, to the *Board* electronically by completing the Web-based version of this Form available on the *Board's Website*. The Firm must use the predecessor firm's user ID and password to access the system and submit the Form. In the event of a transaction involving the combination of multiple *registered public accounting firms*, the Firm must access the system using only the user ID and password of the firm specifically identified in Item 1.1.a, and not those of any other *registered public accounting firm*.
4. When this Form Should be Submitted and When It is Considered Filed. To succeed to the registration status of the predecessor firm pursuant to the provisions of Rule 2108(a) or (b), the Firm must provide the information and representations required by this Form, in accordance with the instructions to this Form, and must file the Form no later than the 14th day after the effective date of the change in form of organization, change in jurisdiction of organization, or business combination. Different timing requirements apply with respect to events that occurred before **[insert effective date of Rule 2109]**. See Rule 2109(a)(2). Form 4 is considered filed when the Firm has submitted to the *Board*, through the *Board's Web-based reporting system*, a Form 4 that includes the signed certification required in Part V of Form 4, *provided, however*, that any Form 4 so submitted after the applicable filing deadline shall not be deemed filed

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unless and until the *Board*, pursuant to Rule 2108(e), grants leave to file the Form 4 out of time.

5. Seeking Leave To File this Form Out of Time. To request leave to file Form 4 out of time, pursuant to the provisions of Rule 2108(e), the Firm must file the request on Form 4 and must attach as Exhibit 99.5 a detailed statement describing why, despite the passage of time since the event described on the Form 4, the *Board* should permit the Firm to succeed to the registration status of the predecessor firm. Any Form 4 that has been submitted out of time, and as to which a *Board* decision on whether to allow the form to be filed is pending, may be withdrawn by accessing the pending submission in the *Board's* Web-based system and selecting the "Withdraw" option.
6. Completing the Form. The Firm must complete Parts I, II, IV and V of this Form. Part III should be completed to the extent applicable, as described more fully in the instructions to Part II of the Form.
7. Amendments to this Form. The Firm must file an amendment to a filed Form 4 no later than the fourteenth day after becoming aware that it provided incorrect information in the Form or that it failed to include in the Form information that it was, at the time it filed the Form, required to include in the Form. When submitting a Form 4 to amend an earlier filed Form 4, the Firm must supply not only the corrected or supplemental information, but must include in the amended Form 4 all information, representations, affirmations, and certifications that were required to be included in the original Form 4.

Note: The *Board* will designate an amendment to a report on Form 4 as a report on "Form 4/A."

Note: Any change to a Form 4 that has been submitted out of time, and as to which a *Board* decision on whether to allow the form to be filed is pending, shall not be treated as an amendment. To make a change to any such pending Form 4 submission, the Firm must access the pending submission in the *Board's* Web-based system, select the "Withdraw and Replace" option, and submit a new completed Form 4 in place of the previously pending submission. The certification required in Part V of the new submission must be executed specifically for the replacement version of the Form and dated accordingly.

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8. Rules Governing this Form. In addition to these instructions, the *rules* contained in Part 2 of Section 2 of the *Board's rules* govern this Form. Please read these *rules* and the instructions carefully before completing this Form.
9. Requests for Confidential Treatment. The Firm may, by marking the Form in accordance with the instructions provided, request confidential treatment of any information submitted in Exhibit 99.3 or Exhibit 99.5 of this Form that has not otherwise been publicly disclosed and that either contains information reasonably identified by the Firm as proprietary information or that is protected from public disclosure by applicable laws related to confidentiality of proprietary, personal, or other information. See Rule 2300. If the Firm requests confidential treatment, it must identify the information in Exhibit 99.3 or Exhibit 99.5 that it desires to keep confidential, and include, as Exhibit 99.1 to this Form, an exhibit that complies with the requirements of Rule 2300(c)(2). The *Board* will determine whether to grant confidential treatment requests on a case-by-case basis. If the Firm fails to include Exhibit 99.1, or includes an Exhibit 99.1 that fails to comply with Rule 2300(c)(2), the request for confidential treatment may be denied solely on the basis of that failure.
10. Assertions of Conflicts with Non-U.S. Law. If the Firm is a *foreign registered public accounting firm*, the Firm may, unless otherwise directed by the *Board* pursuant to Rule 2207(e), decline to provide the affirmation required by Item 4.1 of this Form if providing the affirmation would constitute a violation of non-U.S. law by the Firm and the Firm proceeds in accordance with Rule 2207. (Note that, pursuant to Rule 2109(d), the provisions of Rule 2207 apply to any submission on this Form as if the submission were a report on Form 3.) If the firm withholds the affirmation, the Firm must indicate, in accordance with the instructions in Part V of the Form, that it has done so.
11. Language. Information submitted as part of this Form, including any exhibit to this Form, must be in the English language.

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PART I – IDENTITY OF THE FIRM AND CONTACT PERSONS

Item 1.1 Names of Firm and Predecessor *Registered Public Accounting Firm*

a. State the legal name of the *registered public accounting firm* to whose registration status the Firm seeks to succeed.

Note: The name provided in Item 1.1.a should be the legal name of the *registered public accounting firm* as last reported to the *Board* on Form 1 or Form 3. This is the firm referred to in this Form as "the predecessor firm." In accessing and submitting this Form through the *Board's* Web-based system, the Firm must use the predecessor firm's user ID and password.

b. State the legal name of the Firm filing this Form.

Note: The name provided in Item 1.1.b will be the name under which the Firm is registered with the *Board* if this Form is filed in accordance with Rule 2109.

c. If different than the name provided in Item 1.1.b, state the name or names under which the Firm issues or intends to issue *audit reports*.

Item 1.2 Contact Information of the Firm

a. State the physical address (and, if different, mailing address) of the Firm's headquarters office.

b. State the telephone number and facsimile number of the Firm's headquarters office. If available, state the Website address of the Firm.

Item 1.3 Primary Contact and Signatory

a. State the name, business title, physical business address (and, if different, business mailing address), business telephone number, business facsimile number, and business e-mail address of a partner or authorized officer of the Firm who will serve as the Firm's primary contact with the *Board*, including for purposes of this Form 4, any annual reports filed on Form 2, and any special reports filed on Form 3.

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PART II – GENERAL INFORMATION CONCERNING THE FILING OF THIS FORM

Item 2.1 Reason for Filing this Form

Indicate, by checking the box for either Item a or Item b below, the reason the Firm is filing this Form. Then proceed to the Parts and Items of this Form indicated parenthetically for the relevant item and provide the information described there. Provide responses only to those Parts and Items of the Form specifically indicated for the event or events that the Firm identifies in this Part II as the reason for filing this Form. (For example, if the Form is being submitted because the Firm has changed its form of organization, check the box for Item 2.1.a, and complete only Item 3.1 and Parts IV and V of the Form. Complete Item 2.2 or Item 2.3 if applicable.)

a. There has been a change in the Firm's form of organization, or the Firm has changed the jurisdiction under the law of which it is organized. (Complete Item 3.1, Part IV, and Part V; complete Item 2.2 or Item 2.3 if applicable.)

b. There has been an acquisition of a *registered public accounting firm* by an entity that was not a registered public accounting firm at the time of the acquisition, or a *registered public accounting firm* has combined with another entity or other entities to form a new legal entity. (Complete Item 3.2, Part IV, and Part V; complete Item 2.2 or Item 2.3 if applicable.)

Item 2.2 Request for Leave To File this Form Out of Time

If this Form is not submitted in accordance with Rule 2109(b) on or before the filing deadline set by Rule 2109(a), the Firm may request leave to file this Form 4 out of time by checking the box for this Item, completing this Form 4 as is otherwise required, and providing, as Exhibit 99.5 to this Form, a description of the reason(s) the Form was not timely filed and a statement of the grounds on which the Firm asserts that the *Board* should grant leave to file the Form out of time.

Note: Requests for leave to file Form 4 out of time are not automatically granted. See Rule 2108(d).

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Item 2.3 Amendments

If this is an amendment to a Form 4 previously filed with the *Board* –

- a. Indicate, by checking the box corresponding to this item, that this is an amendment.
- b. Identify the specific Item numbers of this Form (other than this Item 2.3) as to which the Firm's response has changed from that provided in the most recent Form 4 or amended Form 4 filed by the Firm with respect to the event reported on this Form.

PART III – CHANGES IN THE FIRM

Item 3.1 Changes in Form of Organization or in Relevant Jurisdiction

If the Firm's form of organization has changed, or the Firm has changed the jurisdiction under the law of which the Firm is organized –

- a. State the Firm's legal form of organization;
- b. Identify the jurisdiction under the law of which the Firm is organized; and
- c. State the date that the change took effect.
- d. Affirm that, after the change reported or described in this Item 3.1, the Firm is a *public accounting firm* under substantially the same ownership as the predecessor firm.

Note: Neither the Act nor *Board rules* include any provision by which a *registered public accounting firm* may, in effect, transfer its *Board* registration to another entity. Rule 2108(a), in conjunction with this Form, allows the succession of registration status in circumstances in which a *registered public accounting firm* changes its legal form of organization while remaining under substantially the same ownership. For purposes of this Item, the Firm is considered to be under substantially the same ownership as the predecessor firm if a majority of the predecessor firm's partners, principals, or shareholders are partners, principals, or shareholders of the Firm and constitute a majority of the Firm's partner's, principals, or shareholders.

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e. If, in connection with the change described in this Item 3.1, the Firm has obtained, or will practice under, a license or certification number, authorizing it to engage in the business of auditing or accounting, that is different from any such license or certification number previously reported to the *Board* by the predecessor firm, provide as to each such license –

1. the name of the issuing *state*, agency, board, or other authority;
2. the number of the license or certification;
3. the date the license or certification took effect.

f. If, in connection with the change described in this Item 3.1, any license or certification that authorized the predecessor firm to engage in the business of auditing or accounting has been terminated, revoked, suspended, surrendered, made subject to any conditions or contingencies, or has expired without renewal, provide, as to each such license –

1. the name of the issuing *state*, agency, board, or other authority;
2. the number of the license or certification; and
3. the date of the termination, revocation, suspension, surrender, expiration, or imposition of conditions or contingencies.

Item 3.2 Acquisitions of, or Combinations Involving, A *Registered Public Accounting Firm*

a. If there has been an acquisition of a *registered public accounting firm* by an entity that was not a registered public accounting firm at the time of the acquisition, or a *registered public accounting firm* has combined with another entity or other entities to form a new legal entity –

1. Provide the name of each entity, other than the predecessor firm, that was involved in the transaction and that was a *registered public accounting firm* immediately before the transaction, and as to each such entity –

(i) affirm that the entity has filed with the *Board* a request for leave to withdraw from registration on Form 1-WD; and

(ii) state the date that the entity filed Form 1-WD;

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2. Provide the name of each entity, including any acquiror, that was involved in the transaction and that was not a *registered public accounting firm* immediately before the transaction;
3. Provide the date that the transaction took effect; and
4. Provide a brief description of the nature of the transaction.

b. Provide as Exhibit 99.4 to this Form, a statement in the form set out below, signed by a person who, immediately before the transaction, was a partner, principal, shareholder, or officer of the predecessor firm and who is now a partner, principal, shareholder, or officer of the Firm. The statement must be submitted on behalf of the Firm. Exhibit 99.4 must include a signature that appears in typed form in the electronic submission and a corresponding manual signature retained by the Firm in accordance with Rule 2109(d). The signature must be accompanied by the signer's current title, the signer's title immediately before the event described in Item 3.2.a, the date of signature, and the signer's business mailing address, business telephone number, business facsimile number, and business e-mail address. Other than the insertion of the relevant names, Exhibit 99.4 must be in the exact following words –

On behalf of [name of the Firm], I certify that (1) I was a partner or officer of [name of predecessor firm] immediately before the transaction described in Item 3.2.a of the Form 4 to which this exhibit is attached; (2) immediately before that transaction [name of predecessor firm] was a *registered public accounting firm*; (3) as part of that transaction, a majority of [name of predecessor firm]'s partners, principals, or shareholders, moved into the entity resulting from that transaction, specifically [name of the Firm]; (4) [name of predecessor firm] intended that [name of the Firm] succeed to the *Board* registration status of [name of predecessor firm] to the extent permitted by the *Board's* rules; and (5) [name of predecessor firm] is no longer a *public accounting firm*.

c. If, in connection with the transaction described in Item 3.2.a, the Firm has obtained, or will practice under, a license or certification number, authorizing it to engage in the business of auditing or accounting, that is different from any such license or certification number previously reported to the *Board* by the predecessor firm, provide, as to each such license –

1. the name of the issuing *state*, agency, board or other authority;
2. the number of the license or certification; and

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3. the date the license or certification took effect.

d. If, in connection with the transaction described in Item 3.2.a, any license or certification that authorized the predecessor firm to engage in the business of auditing or accounting has been terminated, revoked, suspended, surrendered, made subject to any conditions or contingencies, or has expired without renewal, provide, as to each such license –

1. the name of the issuing *state*, agency, board, or other authority;
2. the number of the license or certification; and
3. the date of the termination, revocation, suspension, surrender, expiration, or imposition of conditions or contingencies.

e. Provide a "yes" or "no" answer to each of the following questions –

1. Is there identified in Item 3.2.a.2 any entity that, if it were filing an application for registration on Form 1 on the date of the certification in Part V of this Form, would have to provide an affirmative response to either Item 5.1.a or Item 5.2.a of Form 1 in order to file a complete and truthful Form 1?

Note: In considering whether an affirmative response would be required to Item 5.1.a of Form 1, the Firm should take into account the guidance provided by question number 33 in Frequently Asked Questions Regarding Registration with the *Board*, PCAOB Release No. 2003-011A (Nov. 13, 2003).

2. Is there identified in Item 3.2.a.2 any entity that (i) issued an *audit report* with respect to an *issuer* on or after October 22, 2003 (or, if the entity is a non-U.S. entity, July 19, 2004), while not registered with the *Board*, and (ii) has never had an application for registration on Form 1 approved by the *Board*?

3. Is the Firm operating without holding any license or certification issued by a *state*, agency, board, or other authority authorizing the Firm to engage in the business of auditing or accounting?

Note: If the Firm answers "yes" to any question in Item 3.2.e, the Firm cannot succeed outright to the registration of the predecessor. If this Form 4 is submitted in accordance with Rule 2109, however, the Firm will

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temporarily succeed to the registration of the predecessor for a transitional period not to exceed 90 days, as long as the Firm makes the representation required in Item 3.2.f below. If the Firm answers "yes" to any question in Item 3.2.e but fails to make the representation required in Item 3.2.f, this Form 4 will not be accepted for filing and the Firm will not succeed to the predecessor's registration even on a temporary basis. See Rule 2108(b)(2).

f. If the Firm answered "yes" to any question in Item 3.2.e, affirm, by checking the box corresponding to the appropriate item, that one of the following statements is true –

1. The Firm has filed an application for registration on Form 1 on or after the date provided in Item 3.2.a.3.

2. The Firm intends to file an application for Registration on Form 1 no later than 45 days after the date provided in Item 3.2.a.3.

PART IV – CONTINUING OBLIGATIONS

Item 4.1 Continuing Consent to Cooperate

Affirm that –

a. The Firm consents to cooperate in and comply with any request for testimony or the production of documents made by the *Board* in furtherance of its authority and responsibilities under the Sarbanes-Oxley Act of 2002;

b. The Firm has secured from each of its *associated persons*, and agrees to enforce as a condition of each such person's continued employment by or other association with the Firm, a consent indicating that the *associated person* consents to cooperate in and comply with any request for testimony or the production of documents made by the *Board* in furtherance of its authority under the Sarbanes-Oxley Act of 2002, and that the *associated person* understands and agrees that such consent is a condition of his or her continued employment by or other association with the Firm; and

c. The Firm understands and agrees that cooperation and compliance, as described in Item 4.1.a., and the securing and enforcing of consents from its *associated persons* as described in Item 4.1.b., is a condition to the continuing effectiveness of the registration of the Firm with the *Board*.

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Note: The affirmation in Item 4.1.b. shall not be understood to include an affirmation that the Firm has secured such consents from any *associated person* that is a *registered public accounting firm*.

Note: The affirmation in Item 4.1.b. shall not be understood to include an affirmation that the Firm has secured such consents from any *associated person* that is a *foreign public accounting firm* in circumstances where that *associated person* asserts that non-U.S. law prohibits it from providing the consent, so long as the Firm possesses in its files documents relating to the *associated person's* assertion about non-U.S. law that would be sufficient to satisfy the requirements of subparagraphs (2) through (4) of Rule 2207(c) if that *associated person* were a *registered public accounting firm* filing a Form 2 and withholding the affirmation. This exception to the affirmation in Item 4.1.b. does not relieve the Firm of its obligation to enforce cooperation and compliance with *Board* demands by any such *associated person* as a condition of continued association with the Firm.

Note: If the Firm is a *foreign registered public accounting firm*, the affirmations in Item 4.1 that relate to *associated persons* shall be understood to encompass every *accountant* who is a proprietor, partner, principal, shareholder, officer, or manager of the Firm and who provided at least ten hours of *audit services* for any *issuer* during the reporting period.

Item 4.2 Continuing Responsibility for Previous Conduct

Affirm that, for purposes of the *Board's* authority with respect to *registered public accounting firms*, including but not limited to the authority to require reporting of information and the authority to impose disciplinary sanctions, the Firm either has retained or willingly assumes legal responsibility for the conduct of any predecessor *registered public accounting firm* before the change or business combination reported on this Form took effect.

Note: As used in Item 4.2 the term "*predecessor registered public accounting firm*," means (1) in circumstances not involving a transaction described in Item 3.2, the predecessor firm and (2) in circumstances involving a transaction described in Item 3.2, each *registered public accounting firm* that was involved in the business combination.

Note: The continuing responsibility in Item 4.2 includes, among other things, responsibility for reporting information on Form 2 and events on Form 3.

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Thus, for example, if a *registered public accounting firm* experienced a Form 3 reportable event before the event that is the subject of this Form, the Firm, as successor, has the obligation to report that event on Form 3, and bears responsibility for any failure by any predecessor to have filed a timely Form 3 to report the matter.

Note: The *Board's rules* do not require that any entity retain or assume legal responsibility for the conduct of any predecessor *registered public accounting firm*. In the absence of an affirmation that it will voluntarily do so, however, an entity cannot succeed to the *Board* registration status of any predecessor entity. See Rule 2108.

PART V – CERTIFICATION OF THE FIRM

Item 5.1 Signature of Partner or Authorized Officer

This Form must be signed on behalf of the Firm by an authorized partner or officer of the Firm including, in accordance with Rule 2109(d), both a signature that appears in typed form within the electronic submission and a corresponding manual signature retained by the Firm. The signer must certify that –

- a. the signer is authorized to sign this Form on behalf of the Firm;
- b. the signer has reviewed this Form;
- c. based on the signer's knowledge, the Form does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading; and
- d. either –
 1. based on the signer's knowledge, the Firm has not failed to include in the Form any information or affirmation that is required by the instructions to the Form, with respect to the event or events being described on the Form, or
 2. based on the signer's knowledge –
 - (A) the Firm is a *foreign public accounting firm* and has not failed to include in the Form any information or affirmation that is required by the instructions to the Form other than an affirmation required by Item

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4.1, which the Firm asserts it is prohibited by non-U.S. law from providing to the *Board* on this Form 4; and

- (B) with respect to each withheld affirmation required by Item 4.1, the Firm has made the efforts described in PCAOB Rule 2207(b) and has in its files the materials described in PCAOB Rule 2207(c).

The signature must be accompanied by the signer's title, the capacity in which the signer signed the Form, the date of signature, and the signer's business mailing address, business telephone number, business facsimile number, and business e-mail address.

PART VI – EXHIBITS

To the extent applicable under the foregoing instructions, each report must be accompanied by the following exhibits:

Exhibit 99.1 Request for Confidential Treatment

Exhibit 99.3 Materials Required by Rule 2207(c)(2)–(4) – *Submit Only as an Exhibit to an Amended Form 4 in Response to a Request Made Pursuant to Rule 2207(d)*

Exhibit 99.4 Acknowledgment Concerning Registration Status in Certain Transactions

Exhibit 99.5 Statement in Support of Request for Leave To File Form 4 Out of Time.