



December 14, 2011

J. Gordon Seymour
General Counsel and Secretary
Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street NW
Washington DC 20006-2803

**RE: Concept Release on Auditor Independence and Audit Firm Rotation, PCAOB
Rulemaking Docket Matter No. 37**

Dear Mr. Seymour:

The Financial Services Roundtable (the "Roundtable") appreciates the opportunity to comment on the Public Company Accounting Oversight Board's ("PCAOB" or "Board") Concept Release on Auditor Independence and Audit Firm Rotation. The Roundtable represents 100 of the largest integrated financial services companies providing banking, insurance, and investment products and services to the American consumer. Member companies participate through the Chief Executive Officer and other senior executives nominated by the CEO. Roundtable member companies provide fuel for America's economic engine, accounting directly for \$92.7 trillion in managed assets, \$1.2 trillion in revenue, and 2.3 million jobs.

The Roundtable opposes mandatory auditor rotation. We believe this requirement could result in significant unintended consequences to affected companies and to the financial services industry overall. We also believe that the Board has presented insufficient evidence to support mandatory auditor rotation.

The Concept Release states that the Board has found instances of audit failure that the Board attributes to a perceived lack of auditor independence, objectivity, and professional skepticism. The Board posits that mandatory audit rotation would correct these problems and reduce audit failure. The Concept Release, however, presents no evidence that mandatory auditor rotation would meaningfully enhance independence, objectivity, or skepticism or that it would have prevented the occurrence of any specific audit failure. In fact, available evidence (specifically cited in Section III. C. of the Concept Release) appears to show that shorter audit firm tenures are actually associated with lower, not higher, audit quality. As outlined below, we believe mandatory auditor rotation would result in materially higher audit fees and other costs for issuers. Accordingly, we submit that any benefits from a mandatory auditor rotation requirement are speculative and, to the extent they exist, would be outweighed by their significant incremental costs.

We believe that mandatory auditor rotation would materially increase audit costs for issuers. An audit firm that serves a company for several years develops significant stores of knowledge related to both the company and its industry. Under an auditor rotation requirement, these stores of knowledge would be lost, and new auditors would be subject to a steep learning curve. As a result, the time and personnel necessary to complete an audit would increase substantially. Additionally, issuers would be forced to go to multiple accounting firms to obtain required consent and comfort letters in order to incorporate historical financial statements into requisite securities offering documents.

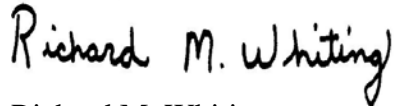
In addition to increased costs, we also believe that mandatory auditor rotation may harm the quality of final audits. Often, certain audit providers develop a familiarity with certain types of industries and certain types of accounting practices. Mandatory rotation, however, could result in an issuer being forced to retain audit services from a provider that is ill-prepared to analyze and evaluate the records and systems commonly kept within a particular industry. In addition to the learning curve faced by a newly retained auditing firm, the quality of audit may also be harmed in later years by a firm's knowledge that it will no longer be retained by a particular client that must comply with a mandatory rotation requirement. The focus of the auditing firm may unfortunately shift to potential new clients, which could both lengthen the preparation time of an audit and harm its overall accuracy.

Mandatory auditor rotation also would have a significant effect on the function of the independent audit committee. The audit committee currently is tasked with oversight of the audit function including auditor selection, and is required to maintain objectivity and independence from management. As a representative of both the shareholders and the board of directors, the audit committee strives to ensure that the audit functions it employs maximize both audit quality and shareholder value to investors. To better carry out their role, our members believe that the audit committee should have full flexibility in determining the duration of services that one audit provider is allowed to provide. As such, we feel a mandatory rotation requirement would undermine the role of the independent audit committee.

Overall, the Roundtable strongly believes that a mandatory auditor rotation requirement would significantly increase audit costs, while adding little or no demonstrable value in terms of audit quality. In truth, we believe that there are many reasons to believe that required mandatory auditor rotation may actually diminish audit quality. We recommend that the Board decline to propose an auditor rotation requirement until more definitive empirical evidence shows that such a change would actually enhance auditor independence, objectivity and professional skepticism and that the benefits of any enhancement would outweigh the cost of any new expenditures imposed on issuers.

We appreciate the opportunity to provide our comments to the Board. If it would be helpful to discuss the Roundtable's specific comments or general views on this issue, please contact me at Rich@fsround.org or Don Truslow at Don@fsround.org.

Sincerely,

A handwritten signature in black ink that reads "Richard M. Whiting". The signature is written in a cursive style with a large, prominent "R" at the beginning.

Richard M. Whiting
Executive Director and General Counsel
The Financial Services Roundtable