The Honourable James Logothetis, Chairman
Public Company Accounting Oversight Board
1666 K Street, NW
Washington, DC 20006-2803

7 August 2026

Dear Chairman Logothetis,

**Subject: Request for Public Comment on PCAOB Standard Setting, PCAOB Release No. 2026-005**

The International Corporate Governance Network (ICGN) appreciates the opportunity to respond to the PCAOB's Request for Public Comment on PCAOB Standard Setting which includes (1) updating the standard-setting and research agendas, (2) revisiting our approach to standard setting, and (3) considering the impact of the recent proposal by the U.S. Securities and Exchange Commission ("SEC") regarding semiannual reporting.

Led by investors responsible for assets under management of >US$100 trillion, ICGN is an authority on global standards of corporate governance and investor stewardship. Headquartered in London, our membership is based in more than 40 countries. ICGN's *Global Governance Principles* and *Global Stewardship Principles*, written from an investor perspective, are widely used by our members in their company assessments and voting decisions, and by regulators when developing corporate governance rules.

**Overall views**

We are pleased to hear that the views expressed in our letter and several others on the PCAOB's Strategic Priorities[1] helped guide the PCAOB's focus areas for future standard-setting activities. Our response follows the outline within the request for comment and provides additional feedback regarding these areas.

**Standard Setting and Research Priorities**

**Question 1 – Do you believe that the PCAOB should focus our standard-setting and research activities in areas discussed in the table above? How would you approach these areas (e.g., conduct further research, issue staff guidance, or advance to standard setting)? How would you prioritize these areas? Are there areas not listed in the table above that the PCAOB should prioritize?**

Yes, the identified standard-setting and research activities align with many of the comments suggested by ICGN and other investors.

We believe that the identified Potential Focus Areas in Table 1 are critical for the PCAOB's highest priorities, however, we would like the PCAOB to reprioritise them in the following order: Critical Audit Matters (CAMs), Firm and Engagement Metrics (FEMs), Data and Technology and Fraud (as related projects), Auditor Independence, and Noncompliance with Laws and Regulations.

[1] ICGN Comment Letter to the PCAOB, Strategic Priorities, PCAOB No. 2026-001 18. ICGN PCAOB Letter on Strategic Priorities.pdf, 13 May 2026.

The PCAOB should also consider how these topics interact with identified inspection deficiencies, systemic firm quality-control issues, and emerging areas of material investor risk, when making prioritization decisions.

When assessing priorities, it is important that investor protection and practical implementation should not be considered as competing objectives. New standards should be supported by rigorous economic analysis, coordinated, when possible, with other regulators, with proportional and realistic implementation time scales. Any new work should be prioritized based on its likely benefit to audit quality and investor protection, considering how to optimize this in the context of practical implementation.

- We are pleased to see Critical Audit Matters as one of the highest priorities. The information provided under CAMs provides investors with insights that are not readily available in any other filings. In our previous letter[2], we noted the decline in listed CAMs and believe that the PCAOB clearly highly prioritizing this area will have a positive impact on focus given to the content, quality and usefulness of CAMs and lead to greater levels of disclosure effectiveness for investors.
- We support the inclusion of FEMs as another priority. Investors look to FEMs as they can be used to evaluate audit quality and outcome-focused audit quality metrics. They provide information for investors to use effectively as they engage with companies on audit issues and the commitment to audit resources. They also provide information to inform an investor's voting decisions for the members of the Audit Committee, the ratification of the auditor, and executive compensation tied to financial KPIs, among other proxy ballot issues. It would be beneficial for standard setting to focus on outcomes focused FEMs, or on demonstrating a clear link from measured and reported FEMs and their impacts on audit quality outcomes. As the letter from the PCAOB MIAG stated, FEMS "have the greatest potential to encourage audit quality competition among auditing teams and firms."[3]
- The Data and Technology (D&T) and Fraud focus areas should be pursued as distinct projects but coordinated workstreams where research on the impact of new technologies on the auditing industry could lead to potential near-term staff guidance.

  They are important priorities as the roles of artificial intelligence (AI) and the use of technology are rapidly increasing in the audit industry. As we mentioned in our previous letter, the PCAOB will  need to conduct its own independent research and have appropriate internal technical expertise, or access to independent third party experts. It must not be in a position to rely on the audit firms' experts. We believe that the PCAOB needs to be making its own assessment of what is needed and driving the right protections for investors.
- We believe it would be helpful for the PCAOB to consider any updates that may be needed to AS 2401, Consideration of Fraud in a Financial Statement Audit, in the context of developments in the technology arena. Advancements in the use of AI and technology, without safeguards, can mask risks, leading to material misstatements in a company's financial statements. The Auditor's Risk Assessment is a key signal to

[2] Ibid.
[3] PCAOB MIAG Comment Letter to the PCAOB, Request for Public Comment on PCAOB Standard Setting, PCAOB Release No. 2026-005, (add in date).

investors to understand if there are concerns or potentially intentional acts that have been discovered.

- The Board should also consider whether existing standards clearly communicate auditors' responsibilities to identify and respond to material misstatements due to fraud, and whether greater transparency could help narrow the longstanding expectations gap. As the PCAOB has suggested, considering ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*, could provide a useful way forward.

- Auditor independence is another priority area for investors. Ensuring that independence tests and disclosures are fit for purpose in the current ecosystem is important. Independence must be paramount in protecting the auditor's ability to conduct a high-quality audit on behalf of the shareholders. The information disclosed can have an impact on investment and voting decisions on audit-related issues, such as the director votes for the Chair and members of the Audit Committee, ratification of the auditor, auditor/audit firm tenure, and independence. Investors become concerned when non-audit fees climb disproportionately compared to audit fees and the length of time that the same audit firm has provided the external auditing function.

- The final listed priority, Noncompliance with Laws and Regulations, is also an important area of the audit for investors. If the PCAOB is considering potential amendments to AS 2405, Illegal Acts by Clients, we would appreciate the opportunity to provide comments on the proposal and review how international standard setters consider this matter. This would be a good area for international alignment where possible.

- One area that is not listed in the Table is the QC 1000 review. We would encourage the PCAOB to add the proposed amendments to QC 1000 as a priority, for which ICGN provided an earlier comment letter.[4]

It would be helpful for the PCAOB to articulate a clear plan of action, including indicative timelines, to ensure these initiatives are advanced in a timely manner and to help investors and others understand the likely next steps and implementation timeline for any new or revised standards.

**Question 2 – Do you have any views not previously shared regarding the scope and objectives of potential standard setting or research in areas discussed in the table above? If yes, what specifically should the PCAOB focus on in each of these areas?**

We generally agree with the comments made by the members of the PCAOB Investor Advisor Group (MIAG)[5] who have been engaging with the PCAOB on the following areas:

- There is a need for targeted amendments to AS 3101, The Auditor's Report of Financial Statements When the Auditor Expresses an Unqualified Opinion,6 to (1)

[4] ICGN Comment Letter to the PCAOB, Proposed Amendments to QC 1000, a Firm's System of Quality Control, and Related Rule and Forms, PCAOB Release No. 2026-002, PCAOB Rulemaking Docket Matter No. 057, 33. ICGN Response to PCAOB on QC 1000 .pdf, 9 July 2026.
[5] PCAOB MIAG Comment Letter to the PCAOB, Request for Public Comment on PCAOB Standard Setting, PCAOB Release No. 2026-005, (add in date).
[6] *See* AS 3101: The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion, PCAOB (last visited July 12, 2026), https://pcaobus.org/oversight/standards/auditing-standards/details/AS310.1

increase the number and (2) improve the content, usefulness, and quality of the CAMs disclosed.7

- Firm and Engagement Metrics (FEMS): We support amendments to require reporting of specified firm and engagement level metrics. We believe FEMs should be publicly reported, consistently defined, comparable across firms and over time, subject to appropriate controls, and accompanied by sufficient context to avoid misleading investors and the public. FEMs should supplement, rather than substitute for, qualitative assessments of audit quality. The Board should prioritise metrics that are outcomes oriented and demonstrably linked to audit quality, rather than measures of activity or process alone. The Board should also distinguish between metrics suitable for public disclosure and more detailed information better suited to discussions between the auditor and the audit committee. Quantitative metrics should complement, not replace, qualitative assessments of audit quality. The PCAOB should also consider reporting trend data on engagement team workload, relevant experience, the use and supervision of specialists, staff retention and turnover, inspection and remediation history, and restatements.

- We also would recommend that the PCAOB investigate potential ways to improve transparency and the information usefulness of auditor reports. In our previous letter, we commented on the United Kingdom's graduated findings as a good innovation. In a similar way, the Financial Reporting Council (FRC) has been engaging with investors to consider key audit matters (KAMs). While this may be a substantial project, and needs to be thoughtfully considered, we believe that there may be significant benefits to investors of more transparent auditor reporting, where possible.

**Question 3 – In areas where you believe issuing staff guidance would be preferable to amending PCAOB standards, what matters should guidance specifically address?**

For the top priorities listed in Table 1, we would like to see the PCAOB issue amendments to the existing standards or develop new standards after providing investors with the opportunity to provide comments.

We noted that for the Data and Technology priority, including as it related to Fraud, as a priority, there may be a need for additional research before the issuance of staff guidance at this stage. We believe that there is an argument for staff guidance at this time, given the fast pace of change.

In response to the Table 1 auditor independence project,[8] because of the growth of private equity investment in the audit industry, there could be a need for staff guidance specific to the nuances of different ownership structures, before any new broadly applicable standards are developed.

**Question 4 – In addition to performing standard-setting or research activities in the potential focus areas, should the PCAOB undertake modernization of the remaining**

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[7] *See, e.g.,* The First Annual Investor Advisory Group Most Decision-Useful Critical or Key Audit Matters for 2023, MIAG 5 (Dec. 2024), https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/advisory/documents/seiag-november-2024/iag-report---the-first-annual-iag-critical-or-key-audit-matter-report.pdf?sfvrsn=49214add_1 (Two of [the MIAG 2023] recommendations include the following proposed amendments to AS 3101: (1) Revise the "especially challenging" language used in paragraphs .11 and .12 for identifying potential CAMs, and (2) Revise the description in paragraph .14(c) of how the critical audit matter was addressed in the audit.") (footnotes omitted).
[8] *See id.* at 8 ("Consider whether to update the interim ethics and independence standards and, if so, how.").

**"interim" PCAOB standards (including those discussed by commenters, e.g., going concern, inventory, use of service organizations, use of internal auditors)? If the standards were to be updated on an individual basis, which standards should we prioritize?**

Yes, we believe that the PCAOB should move forward on the remaining "interim" standards that have been pending for some time. In line with the views of the MIAG, we recommend that the Board prioritize the modernization of interim auditing standards in this five-year plan, with the scalability of standards as a secondary priority.[9] Two areas for consideration would be AS 2415: Consideration of an Entity's Ability to Continue as a Going Concern[10] and AS 2305: Substantive Analytical Procedures.[11]

**Question 5 – Some users of PCAOB standards have expressed concern about the accelerated pace of standard setting and length of comment periods to react to proposals. What would be the preferred length of comment periods to enable stakeholders to fully analyze and respond to proposals? What factors should be taken into account when determining the length of the comment period?**

We generally believe that a minimum of 60 days for a comment period is important to give investors time to review any regulatory changes and respond effectively. If a proposed standard is more complex, then a 90-to-180-day window may be necessary, especially if there are global impacts with other standard setting bodies. Many of the consultations ask investors to respond to a large number of questions, request data to inform responses, and are layered in sequence, causing investors to quickly assess whether there is enough time to respond effectively to consultations or requests for comments.

On the front end, investors would benefit from being informed of the PCAOB's schedule for meetings, potential topics for review, and the schedule of proposed amendments and/or new standards for the coming year, as described in the five-year Strategic Plan. Ideally, a published workplan with an estimated schedule would be helpful. Investors would appreciate the advance notice when the Board may be considering submitting a proposal for public comment and the estimated time before a final rule or standard may be acted upon. We understand that the PCAOB may need to refine the timeline on occasion due to unforeseen circumstances or as other matters take precedence.

**Question 6 – When setting the effective dates of new standards, what factors should be taken into account to provide a sufficient period of time for implementation? Recognizing that implementation timelines will vary depending on the nature and complexity of a standard, what range of time do firms typically need to implement a new standard, including updating audit methodologies and technological resources and training staff?**

We generally believe that implementation timelines should be set depending on the particular circumstances of the proposed changes. Whilst we understand that firms will need time to address the changes, and an appropriate amount of time should be given to ensure that training of staff and technological resources can be updated, any changes should be

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[9] Letter from IAG to Office of the Secretary, PCAOB, Reference*: PCAOB No. 2022-003, Request for Public Comment – PCAOB Draft Plan 2022-2026* at 2.
[10] AS 2415: Consideration of an Entity's Ability to Continue as a Going Concern, PCAOB (2002), https://pcaobus.org/oversight/standards/auditing-standards/details/AS2415.
[11] AS 2305: Substantive Analytical Procedures, PCAOB (2002), **https://pcaobus.org/oversight/standards/auditing-standards/details/AS2305.**

seeking to improve audit quality for investors and therefore should be implemented as soon as practicable.

**Question 7 – When prioritizing potential standard-setting or research projects, including those outlined above, how and to what degree should the PCAOB consider economic benefits, costs, competitive effects, and unintended consequences? Should such analyses involve an assessment of how any regulatory action may affect smaller firms, including potential barriers to entry or scalability concerns?**

As we mentioned in our earlier letter, investors are willing to bear reasonable costs related to high-quality audits. While we understand that companies tend to push back on higher audit costs, these are ultimately borne by investors – and as investors, we believe this is a necessary cost to have trusted information for the capital markets. We believe it is also important to consider the costs to investors if audits fail, or if audited financial information is not reliable. The same view holds for audit quality inspection information, and for FEMS type information.

We believe that the most appropriate way to consider cost and the economic impact of any changes should be relative to the potential improvement in audit quality. This requires a more detailed review than merely assessing whether the change "costs" more. We believe that some of the most fundamental changes in audit quality, for example, under the Sarbanes Oxley Act, may have required greater cost expenditures initially, however, the value of the changes was worth it, and costs have been shown to have decreased over time.

Standards need to drive quality improvements in a balanced and cost-effective way. We have commented in our recent letter that smaller firms may benefit from some degree of scalability and a slightly longer implementation timeline, however, the requirements for audit quality should remain intact no matter the size of the firms. There may be ways to support smaller firms as they grow and have greater opportunities within the PCAOB standards, which could benefit investors as well. The PCAOB has conducted economic analysis on any impacts on smaller firms before, and this may be an appropriate consideration in the future.

**Question 8 – In your view, should the PCAOB pursue standard setting and research to address the matters previously identified by commenters (e.g., addressing the impact of the use of AI on identifying and assessing the risk of material misstatement, auditing internal controls, determining what constitutes sufficient appropriate audit evidence, documentation, supervision, and governance of AI-enabled tools)? Alternatively, are these matters best addressed through the issuance of staff guidance?**

As we mentioned earlier in Question 3, the fast pace of the changing landscape of AI models and tools will require the PCAOB to determine how to address this important issue. The ongoing research on AI that is needed may lend itself to staff guidance as a first step.

We also reiterate that it is imperative that the PCAOB has its own independent expertise in this area. In order for the PCAOB to set credible standards and to have robust regulatory oversight, it must not be compromised or conflicted by relying on the expertise of those under the PCAOB's oversight.

**Question 9 – In light of rapid advancements in data and technology, including AI, are there additional matters the PCAOB should consider addressing?**

We would like the PCAOB to consider what global standard setters are considering with respect to independent research projects related to AI, and how to harness knowledge in ways that would protect global investors. International alignment should be one  goal in creating an effective framework, as the firms and their systems and processes are likely to be international.

**Question 10 – Are there specific areas of the PCAOB's current standards that you believe are not fit for purpose in an AI environment? If so, what are those areas and what changes may be necessary to address the impact of AI on auditing?**

We, like the PCAOB, are not sure that the impact of AI is fully known at this time. We recognise that AI could assist in the audit environment, however, there needs to be a strong checks and balance system in place to ensure that the auditor role continues to be performed by a credentialed and experienced auditor.

**Question 11 – Do you believe there is a need for the PCAOB to address this topic? If so, should the PCAOB pursue standard setting and research to address matters related to auditing digital assets (e.g., access, ownership, control, and existence when held by a third party)? Alternatively, are these matters best addressed through the issuance of staff guidance? In addition to matters discussed in comments provided on the Strategic Priorities RFC, what questions should be specifically addressed through either guidance or standard setting?**

Investors would welcome staff guidance on matters related to the auditing of digital assets, which could mainly to be a valuation issue for them. We believe it would be helpful to reference whether there are existing standards that are in place which could provide guidance initially in this growing area.

**Question 12 – Should we develop and adopt a conceptual framework for PCAOB standard setting? What would be the advantages and disadvantages of establishing such a framework?**

We support the development and adoption of a conceptual framework for PCAOB standard setting. The potential advantage of establishing such a framework is to reinforce that the primary focus of standard setting should be on the needs of investors and the public interest. It would provide a helpful anchor point for standard setting and audit regulation. This would also help investors to understand the expectations of the PCAOB and the role and remit of the standards.

**Question 13 – What qualitative characteristics should be considered when developing PCAOB standards that could be included in a new framework?**

Ensuring that standards are focused on investor protection, by driving audit quality and strong audit outcomes, must be the core goal of the framework. This should include grounding the framework in the needs of investors, focusing on what investors are seeking from audits, including independence, clarity, reliability, and transparency.

We also believe that a new framework should assist the Board identify the problem to be addressed and the evidence supporting regulatory action; determine whether the problem arises from the standard itself or from implementation, firm methodology, supervision, inspection, or enforcement; and select the most appropriate response, which may include research, staff guidance, standard setting, inspection-related action, or enforcement.

The Board should consider evidence from inspections, enforcement matters, restatements, academic research, and post-implementation reviews. A new framework should also address investor protection, audit quality, decision usefulness, materiality, economic consequences, international alignment, implementation readiness, and measurable criteria for evaluating whether the completed action achieved its intended objective.

From an investors' viewpoint, the conceptual framework should include how the PCAOB will consider the materiality of issues, and any impacts on audit quality. The cost effectiveness question should be considered within this framework from the viewpoint of investors.[12]

**Question 14 – How should a conceptual framework be integrated with the PCAOB standard-setting process and what improvements, if any, could be made to the standard-setting process?**

A conceptual framework should require the Board to identify the problem to be addressed and the evidence supporting regulatory action; determine whether the problem arises from the standard itself or from implementation, firm methodology, supervision, inspection, or enforcement; and select the most appropriate response, which may include research, staff guidance, standard setting, inspection-related action, or enforcement. It should also set out the framework for the goals and outcomes intended to be achieved by the auditing standards.

We believe the conceptual framework should be developed alongside the standard-setting process. And should be separately consulted upon. Doing these projects in a connected way would help identify the full range of issues and procedural improvements that should be considered and allow sufficient time for public consultation.

Together with the Strategic Plan and the table of priority standard-setting projects, the framework would provide investors with a clear roadmap of planned new and amended standards as well as an understanding of how the PCAOB may approach future priority setting.

Ideally, it would be helpful to lay out a forward work plan, with key dates and deadlines for stages of consultation. It would also be helpful to lay out the dates of and timing expected opportunities to feed into standard setting, through advisory groups, outreach roundtables or other meetings and formal consultation windows. A comprehensive forward work plan at least 12 months into the future would be very helpful.

**Question 15 – The PCAOB conducts economic analysis and gathers stakeholder input, both before and after our standards take effect. Should a conceptual framework include criteria or factors for evaluating economic benefits, costs, competitive effects, and unintended consequences? If so, what criteria or factors should be considered for inclusion?**

As we mentioned in Question 7, the costs of any proposed change should be evaluated from the viewpoint of the investors who ultimately pay for audit costs. The costs should be considered in the context of the balance between costs of implementation and the value of enhanced audit quality. We believe that evaluating economic benefits is helpful, however, we

[12] *See, e.g.,* Letter from the Members of the IAG to Office of the Secretary, PCAOB, Reference: PCAOB Rulemaking Docket Matter No. 057, Supplemental Request for Comment: Proposed Amendments to QC 1000, A Firm's System of Quality Control, And Related Rule and Forms at 7 (commenting that the PCAOB economic analysis failed to consider "[t]he potential economic impacts of the proposed amendments on . . . investor confidence; and [on] . . . the costs to investors and the public of audit failures that could result from a more flexible system of quality control because of the proposed amendments.").

have noted that certain changes may have greater costs initially but more of an economic benefit over a longer horizon.

**Question 16 – Should a conceptual framework address alignment of PCAOB standards with those of other standard setters?**

ICGN is broadly in favour of international alignment as much as possible. We recognise that there will need to be localised enhancements and U.S. specific circumstances should be addressed. It is also important to consider alignment with other US standards where appropriate.

**Question 17 – What topics should be the highest priority for alignment and why? Should alignment with IAASB standards be given higher priority than alignment with standards of other standard setters and why?**

We believe that alignment would be preferable as long as the need for U.S. specific enhancements is addressed. There may be impactful opportunities for improvement that could be identified by a study of overall alignment. For example, the PCAOB may discover areas where the IAASB has stronger standards for investor protection.

We would not support seeking to align to international standards if the driver for doing so is solely to weaken the standards. Quality and investor protection must remain the core responsibilities and considerations of the PCAOB.

**Question 18 – Should alignment be considered prospectively, i.e., when conducting future standard-setting projects, or should the PCAOB also examine previously completed standard-setting projects to determine if additional alignment would be feasible and appropriate? Should the PCAOB prioritize aligning its standard-setting agenda with those of other standard setters (as opposed to seeking to align specific standards)?**

We believe both retrospective and prospective alignments should be considered.

On a retrospective basis, it would be helpful to assess where the divergences could be closed – if they would drive meaningful enhancements to audit quality.

In addition, a prospective review of what may be coming up or is part of other standard setters' priorities may help define the highest priorities for future alignment. Where international standards are being set, it would be sensible to consider if alignment with those standards is more efficient and effective than setting separate standards.

**Question 19 – Should the PCAOB establish formal means to work collaboratively with other standard setters, such as seeking to develop certain projects jointly?**

We believe that constructive conversations and dialogue between key PCOAB staff members and those serving in similar roles with other standard setters are very important. An exchange of information on current views and opportunities, including AI, could provide the PCAOB with greater insights into alignment and how other standard setters are updating their own standards. For global investors, these conversations would be valuable because they could lead to greater audit quality and investor protections.

We strongly support the work of IFIAR and encourage the PCAOB to continue to play its role in this important global organization. The PCAOB can benefit from the knowledge of others and also plays an important leadership role in spreading best practices globally. This is important and a good use of time, particularly given the global nature of many large company audits and the interconnected nature of audit and audit regulation. Enhancing the quality of other independent audit regulators overseas may in time allow for a more efficient approach to overseas regulatory reliance which could drive efficiencies for the PCAOB.

**Question 20 – In addition to potential differences between PCAOB standards and those of other standard setters that are mentioned above, are there any other reasons for potential divergence between PCAOB standards and those of other standard setters that may be necessary to consider?**

In our previous letter and the MIAG letter, we pointed out that there are several differences between PCAOB standards and those of other standard setters that may result in potential divergence that may be necessary to consider:

- Recognition of the role of audit quality to investor confidence and the global capital markets;
- Sufficiency of resources supporting the standard setting process;
- Independence of standard setting board and staff;
- Investor focus and representation on standard setting board, staff, and advisory groups;
- Ensuring that there has been appropriate public due process that includes solicitation and careful consideration of investor views;
- Structure and process that provides adequate protection of technical decisions and judgments of standard setter; enforcement mechanisms;[13] and
- Necessary enhancements to suit local market conditions.

**Question 21 – Would alignment with international standards create any unique challenges or have disproportionate impact on smaller firms (e.g., costs to change guidance, policies and procedures, training)?**

We recognise that any changes whether they would result in alignment with international standards or be new standards, will have an impact on smaller firms, if they are conducting audits for global companies. As we mentioned, there are ways that the PCAOB could scale the requirements for smaller firms without sacrificing audit quality for investors.

**3. Potential impact of recent SEC proposal to allow optional semiannual reporting**

ICGN submitted an extensive comment letter[14] to the SEC in relation to the proposal for optional semiannual reporting. We are opposed to the proposal and it appears at this stage that the large majority of individuals, organisations, and stakeholders who have commented are also opposed.[15] We hope that the SEC takes all the comments into consideration and does not move forward on the proposal. Investors need timely and accurate financial information. Any reduction in reporting frequency may lower compliance costs for issuers,

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[13] *See* Policies on Other Issues, Independence of Accounting and Auditing Standard Setters, Council of Institutional Investors (updated Mar. 1, 2017), https://www.cii.org/policies_other_issues#indep_acct_audit_standards; *cf.* Paul S. Atkins, Chairman, SEC, Keynote Address at AFME's Annual Financial Services Policy Dinner (Feb. 4, 2026), https://www.sec.gov/newsroom/speeches-statements/atkins-remarks-afme-020426 ("Both the IASB and the IAASB face funding pressures, as well as structural challenges that threaten their independence, stability, and capacity to sustain high-quality globally consistent standards").
[14] ICGN Comment Letter to the SEC on optional semimanual reporting, 31. ICGN Response to SEC Optional Semiannual Reporting July 2026.pdf, 6 July 2026.
[15] Over 221,000 comment letters have been submitted. A tracker created by Tzachi Zach, an accounting professor at Ohio State University, at last count showed 99.5% of the letters opposed it.

but it does so by reducing transparency, increasing information asymmetries, and transferring costs and risks to investors.

However, in the event that the SEC adopts the proposal, it would require that the relevant PCAOB rules be updated to allow for assurance of the Q2 reports that would be filed by companies moving to optional semiannual reporting. The PCAOB should also assess and respond to how the potential move toward semiannual reporting could affect interim assurance, year-end audit concentration, control testing, and information asymmetry, rather than simply conforming its standards to a reduced reporting cadence.

**Question 22 – Under AS 6101, auditors may provide negative assurance regarding subsequent changes in specified financial statement line items as of a date less than 135 days from the end of the most recent period for which an audit or review has been performed. In light of the SEC's proposed revisions to the rules regarding the age of financial statements, should AS 6101 provisions related to negative assurance be amended?**

In the event that the SEC adopts and implements a final rule that results in revisions to the rules regarding the age of financial statements, the PCAOB should promptly evaluate whether corresponding amendments to AS 6101 are necessary to preserve the relevance and reliability of negative assurance provided in capital-markets transactions.[16] We believe it is too soon for the PCAOB to take any action.

**Question 23 – If narrow, conforming amendments related to the negative assurance provisions of AS 6101 were to be considered, should we, for example permit the auditor to provide such negative assurance as of a date subsequent to the end of the most recent audited or reviewed period and prior to the next date that the issuer is required to file periodic financial statements? Would establishing a permissible period for providing negative assurance that is based on the issuer's next required financial statement reporting date, rather than the existing 135-day threshold, give rise to unintended consequences? Is a longer period during which negative assurance is permitted appropriate for a semi-annual filer vs. a quarterly filer? Should there be different limitations on the period during which negative assurance is available depending on whether the next period is subject to an audit or a review? What alternative approaches, if any, should the PCAOB consider?**

If the SEC moves forward on the adoption of optional semiannual reporting, it will have an impact on disclosures, including negative assurance provisions under AS 6101. The consequences should be considered by the PCAOB *before* the SEC takes action and they should consult on any necessary changes to PCAOB standards.

Without knowing the actual changes we are responding to, it is difficult to suggest a solution at this time. However, we generally believe that as they do not support a slower reporting cadence, similarly, investors would not want to see the period of time during which negative assurance is permitted be extended.

If, however, the SEC moves forward, and therefore the PCAOB needs to amend the rules to allow for a longer period of time between filings, during which negative assurance is needed, any changes should only be provided to semiannual filers under certain circumstances. There would be no reason to extend a longer period of time for quarterly filers.

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[16] *See* AS 6101: Letters for Underwriters and Certain Other Requesting Parties, PCAOB (last visited July 11, 2026), https://pcaobus.org/oversight/standards/auditing-standards/details/AS6101.

**Question 24 – Under AS 6101, auditors are limited to reporting procedures performed and findings obtained—and may not provide negative assurance—as to subsequent changes in specified financial statement items as of a date 135 days or more subsequent to the end of the most recent period for which an audit or review has been performed. If AS 6101 is amended to permit the auditor to provide negative assurance as of a date up to the issuer's next required financial statement reporting date (as described in Question 23), the existing limitation will no longer apply. Are there circumstances that should limit the auditor's ability to provide negative assurance as to subsequent changes in specified financial statement items? Should those circumstances be addressed in the standard? If so, how?**

Assurance on earnings releases and public disclosures will be something that investors will still expect. We encourage the PCAOB to put safeguards in place that limit the delay of full financial disclosures for investors. Negative assurance, if used, during the interim period of time before a semiannual report, should be well defined and transparent to maintain investor trust.[17]

We support the PCAOB's independent oversight responsibilities and appreciate the ability to comment on future priorities and standard setting opportunities that preserve independent audit oversight, inspection capacity, and investor confidence.

Thank you for the opportunity to provide comments on this proposal. If you would like to follow up with questions or comments, please contact me or our Senior Advisor- Americas, Carol Nolan Drake, (carol.nolandrake@icgn.org).

Yours faithfully,

Jen Sisson

**Jen Sisson**

**Chief Executive Officer, ICGN**

[17] Harvard Law School Forum on Corporate Governance, Audit Committee Considerations for SEC's Proposal on Semiannual Reporting, 21 May 2026.