

the Act also provides that any such initial or transitional standards shall be separately approved by the Commission at the time it makes the determination required by section 101(d) of the Act, without regard to the procedures that otherwise would apply to Commission approval of PCAOB rules.

The PCAOB has determined that it is necessary in the public interest and for the protection of investors to adopt initial or transitional professional standards (which it refers to as "interim" standards) as permitted by section 103(a)(3)(B) of the Act. In this connection, the PCAOB has advised the Commission that it has adopted the following rules setting forth interim standards that the PCAOB finds satisfy the requirements of section 103(a)(3)(A)(i) of the Act.

#### **Rule 3200T. Interim Auditing Standards**

In connection with the preparation or issuance of any audit report, a registered public accounting firm, and its associated persons, shall comply with generally accepted auditing standards, as described in the AICPA Auditing Standards Board's Statement of Auditing Standards No. 95, as in existence on April 16, 2003 (Codification of Statements on Auditing Standards, AU § 150 (AICPA 2002)).

**Note:** Under section 102(a) of the Act, public accounting firms are not required to be registered with the Board until 180 days after the date of the determination of the Commission under section 101(d) that the Board has the capacity to carry out the requirements of Title I of the Act (the "mandatory registration date"). The Board intends that, during the period preceding the mandatory registration date, the Interim Auditing Standards apply to public accounting firms that would be required to be registered after the mandatory registration date and to associated persons of those firms, as if those firms were registered public accounting firms.

#### **Rule 3300T. Interim Attestation Standards**

In connection with an engagement (i) described in the AICPA's Auditing Standards Board's Statement on Standards for Attestation Engagements No. 10 (Codification of Statements on Auditing Standards, AT § 101.01 (AICPA 2002)) and (ii) related to the preparation or issuance of audit reports for issuers, a registered public accounting firm, and its associated persons, shall comply with the AICPA Auditing Standards Board's Statements on Standards for Attestation Engagements, and related interpretations and Statements of Position, as in existence on April 16, 2003.

**Note:** The Board intends that, during the period preceding the mandatory registration date, the Interim Attestation Standards apply to public accounting firms that would be required to be registered after the mandatory registration date and to associated persons of those firms, as if those firms were registered public accounting firms.

#### **Rule 3400T. Interim Quality Control Standards**

A registered public accounting firm, and its associated persons, shall comply with quality control standards, as described in—

(a) the AICPA's Auditing Standards Board's Statements on Quality Control Standards, as in existence on April 16, 2003 (AICPA Professional Standards, QC §§ 20–40 (AICPA 2002)); and

(b) the AICPA SEC Practice Section's Requirements of Membership (d), (f) (first sentence), (l), (m), (n)(1) and (o), as in existence on April 16, 2003 (AICPA SEC Practice Section Manual § 1000.08(d), (f), (j), (m), (n)(1) and (o)).

**Note:** The second sentence of requirement (f) of the AICPA SEC Practice Section's Requirements of Membership provided for the AICPA's peer review committee to "authorize alternative procedures" when the requirement for a concurring review could not be met because of the size of the firm. This provision is not adopted as part of the Board's Interim Quality Control Standards. After the effective date of the Interim Quality Control Standards, requests for authorization of alternative procedures to a concurring review may, however, be directed to the Board.

**Note:** The Board intends that, during the period preceding the mandatory registration date, the Interim Quality Control Standards apply to public accounting firms that would be required to be registered after the mandatory registration date and to associated persons of those firms, as if those firms were registered public accounting firms.

#### **Rule 3500T. Interim Ethics Standards**

In connection with the preparation or issuance of any audit report, a registered public accounting firm, and its associated persons, shall comply with ethics standards, as described in the AICPA's Code of Professional Conduct Rule 102, and interpretations and rulings thereunder, as in existence on April 16, 2003 (AICPA Professional Standards, ET §§ 102 and 191 (AICPA 2002)).

**Note:** The Board intends that, during the period preceding the mandatory registration date, the Interim Ethics Standards apply to public accounting firms that would be required to be registered after the mandatory registration date and to associated persons of those firms, as if those firms were registered public accounting firms.

#### **Rule 3600T. Interim Independence Standards**

In connection with the preparation or issuance of any audit report, a registered public accounting firm, and its associated persons, shall comply with independence standards—

(1) as described in the AICPA's Code of Professional Conduct Rule 101, and interpretations and rulings thereunder, as in existence on April 16, 2003 (AICPA Professional Standards, ET §§ 101 and 191 (AICPA 2002)); and

(2) Standards Nos. 1, 2, and 3, and Interpretations 99–1, 00–1, and 00–2, of the Independence Standards Board.

**Note:** The Board's Interim Independence Standards do not supercede the Commission's auditor independence rules. See Rule 2–01 of Reg. S–X, 17 CFR 240.2–01. Therefore, to the extent that a provision of the Commission's rule is more restrictive—or less restrictive—than the Board's Interim Independence Standards, a registered public accounting firm must comply with the more restrictive rule.

**Note:** The Board intends that, during the period preceding the mandatory registration date, the Interim Independence Standards apply to public accounting firms that would be required to be registered after the mandatory registration date and to associated persons of those firms, as if those firms were registered public accounting firms.

Each of the interim standards set forth above would remain in effect until modified or superceded, either by PCAOB action approved by the Commission as provided in the Act, or by Commission action pursuant to its independent authority under the federal securities laws and the rules and regulations thereunder. The Commission finds that the adoption of interim professional standards is consistent with the requirements of the Act and the federal securities laws and is necessary or appropriate in the public interest or for the protection of investors. Accordingly,

*It is Ordered* that PCAOB Rules 3200T through 3600T, setting forth interim professional standards for use in connection with the audits of public companies, are hereby approved.

By the Commission.

**Jonathan G. Katz,**

*Secretary.*

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## **SECURITIES AND EXCHANGE COMMISSION**

**Securities Act of 1933, Release No. 8223/April 25, 2003, Securities Exchange Act of 1934, Release No. 47746/April 25, 2003; Order Regarding Section 101(d) of the Sarbanes-Oxley Act of 2002**

The Sarbanes-Oxley Act of 2002 ("Act") established the Public Company Accounting Oversight Board ("PCAOB") and charged it with the responsibility of overseeing the audits of public companies that are subject to the U.S. Federal securities laws. Under the Act, the PCAOB's duties include registering public accounting firms; establishing auditing, quality control, ethics, independence and other standards relating to public company audits; conducting inspections, investigations and disciplinary proceedings of