

necessary to enable the Commission to monitor the activities of a broker-dealer affiliate whose business activities is reasonably likely to have a material impact on the financial and operational condition of the broker-dealer. Without this information, the Commission would be unable to assess the potentially damaging impact of the affiliate's activities on the broker-dealer.

There are currently 166 respondents that must comply with Rules 17h-1T and 17h-2T. Each of these 166 respondents require approximately 10 hours per year, or 2.5 hours per quarter, to maintain the records required under Rule 17h-1T, for an aggregate annual burden of 1,660 hours (166 respondents \times 10 hours). In addition, each of these 166 respondents must make five annual responses under Rule 17h-2T. These five responses require approximately 14 hours per respondent per year, or 3.5 hours per quarter, for an aggregate annual burden of 2,324 hours (166 respondents \times 14 hours). In addition, there are approximately seven new respondents per year that must draft an organizational chart required under Rule 17h-1T and establish a system for complying with the Rules. The staff estimates that drafting the required organizational chart requires one hour and establishing a system for complying with the Rules requires three hours, thus requiring an aggregate of 28 hours (7 new respondents \times 4 hours). Thus, the total compliance burden per year is approximately 4,012 burden hours (1,660 + 2,324 + 28).

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to Kenneth A. Fogash, Acting Associate Executive Director/CIO, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549.

Dated: July 7, 2003.
Margaret H. McFarland,
Deputy Secretary.
 [FR Doc. 03-18400 Filed 7-18-03; 8:45 am]
BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48180; File No. PCAOB-2003-03]

Public Company Accounting Oversight Board; Order Approving Proposed Rules Relating to Registration System

July 16, 2003.

I. Introduction

On May 8, 2003, the Public Company Accounting Oversight Board ("Board" or "PCAOB") filed with the Securities and Exchange Commission ("Commission") proposed rules PCAOB-2003-03 pursuant to Section 107(b) of the Sarbanes-Oxley Act of 2002 ("Act"). Notice of the proposal was published in the **Federal Register** on June 11, 2003.¹ The Commission received sixteen comment letters. For the reasons discussed below, the Commission is granting approval of the proposed rules.

II. Description

Section 102 of the Act prohibits any person that is not a registered public accounting firm from preparing or issuing an audit report with respect to any "issuer," as that term is defined in the Act, or from participating in preparation or issuance of any such report. In order to enable public accounting firms to comply with this registration requirement, the Board has proposed rules to establish a registration system. The registration system consists of eight rules (PCAOB Rules 2100 through 2106, and 2300), as well as definitions that would appear in Rule 1001, and a registration form (PCAOB Form 1).

Under the Act, the registration requirement is effective 180 days after the date on which the Commission makes its determination under 101(d) of the Act that the Board is capable of carrying out its responsibilities under the Act. The Commission made this determination on April 25, 2003, which means that domestic public accounting firms that wish to prepare or issue, or participate in the preparation or issuance of, audit reports with respect to

any issuer must register with the Board by October 22, 2003.²

The proposed registration form requires disclosure of information concerning the applicant and its associated accountants, and about the applicant's audit clients that file reports with the Commission. Applicants must pay a fee to cover the costs of processing and reviewing registration applications, the amount of which will be announced by the Board prior to commencing acceptance of registration applications. Within 45 days of receiving an application, the Board must (1) approve the application, (2) issue a written notice of a hearing, or (3) request more information from the prospective registrant.

Although the Board has authority under the Act to exempt, with the approval of the Commission, non-U.S. public accounting firms, in whole or in part, from any of the Board's requirements under the Act, the Board decided that its proposed registration rules would apply to non-U.S. public accounting firms that prepare or furnish audit reports with respect to "issuers" or that play a substantial role in the preparation or furnishing of these reports. In response to concerns expressed by foreign regulators, accounting firms and others about the impact of the Board's proposed rules on non-U.S. accounting firms, the Board made several accommodations prior to submitting its proposed rules to the Commission.

These accommodations include (1) reducing the scope of information required by the registration form, (2) allowing firms to withhold certain information on the form if they can demonstrate that providing the information would conflict with non-U.S. law (by providing an English copy of the non-U.S. law, a legal opinion that submitting the information would violate the law, and an explanation of the applicant's efforts to seek consents or waivers to eliminate the conflict), and (3) allowing non-U.S. firms an additional six months to register with the PCAOB.³

Pursuant to the Act, registered public accounting firms must file annual reports with the Board and are subject to the Board's oversight through its inspection, investigation and

² As discussed below, the Board's proposal would give foreign public accounting firms an additional 180 days (*i.e.*, until April 19, 2004) to register.

³ The Board held a public roundtable meeting on March 31, 2003, at which various foreign regulators, accounting firms, and professional organizations, as well as representatives of U.S. institutional investors, discussed the ramifications of the registration of non-U.S. accounting firms.

¹ Securities Exchange Act Release No. 47990 (June 5, 2003); 68 FR 35016 (June 11, 2003).