



The Value Alliance and Corporate Governance Alliance

August 18, 2017

Brent J. Fields, Secretary Office of the Secretary  
U.S. Securities and Exchange Commission  
100 F Street, N. E. Washington, D.C. 20549

Re: File Number PCAOB-2017-01, Release No. 34-81187

Dear Mr. Fields,

Founded in 1999, The Value Alliance and Corporate Governance Alliance works to strengthen board governance and decision-making in a way that enhances sustainable economic value. We work with boards of directors across the U.S. and globally to promote this aim and fulfill our mission to improve board and company performance in a way that creates sustainable value for all stakeholders and builds a bridge of trust between management, board, shareholders and all stakeholders. Our efforts are designed to strengthen our capital markets and boost our economy.

**We strongly support the PCAOB's Proposed Rules on The Auditor's Report, which will strengthen auditor reporting and enhance audit committee financial statement oversight.**

We strongly recommend the Commission approve the Proposed Rules, which promote the SEC's three-pronged mission:

- by providing timely, useful information that *protects investors* from harm and promotes *efficient markets*,
- by increasing trust in the capital markets, thus facilitating robust *capital formation*.

Both analysts (who advance efficient markets) and institutional investors (who invest in securities) -- represented in the U.S. by The CFA Institute and the Council of Institutional Investors - strongly support the new Proposed Rules.

And why wouldn't they?

Since the U.S. is not the first to adopt more valuable auditor information, this is not some brave new experiment.

Based on experience, better auditor information has produced documented benefits that go beyond the report itself. As KPMG has written: “A welcome side-effect [of the U.K. experience] has been improved disclosure elsewhere in the annual report.”

As the SEC explains to investors, one of the main purposes of the 1933 Act and the 1934 Act, which gave birth to the SEC, was to ensure that “Companies offering securities for sale to the public must tell the truth about their business, the securities they are selling, and the risks involved in investing in those securities.” **The PCAOB’s Proposed Rules are a long overdue enhancement in this century, in which candor is expected and fulsome information is so vitally important to building trust.**

Audit committees, charged with selecting auditors and overseeing management, depend on forthright auditor and audit committee communications. **The Proposed Rules will improve those communications and help to fortify the independence that investors and the capital markets rely upon from both audit committees and the auditors they choose.**

As Deloitte has written: “We are supportive of the revised requirements the Board has put forward in its repropose standard. We believe the revised requirements result in achieving the overall objective of providing meaningful and useful information about the audit to investors and other financial statement users, while alleviating certain concerns.”

Commenters opposed to adoption have failed, in their current comments and in the multi-year process that preceded this one, to articulate clear and compelling data that would support their reservations related to possible material increased costs or liabilities. Furthermore, investors have expressed their willingness to shoulder the costs, whatever they may be. Moreover, rather than increased liability, auditors and audit committees who do their jobs, in fact, are likely to be better protected from liability concerns under the new transparency requirements.

After many years of consultation at the PCAOB with all interested parties, it is time to move forward – for the benefit of investors, efficient markets and the formation of future capital. I urge the Commission to approve the Proposed Rules with all due attention and speed.

Sincerely yours,



Eleanor Bloxham  
CEO, The Value Alliance and Corporate Governance Alliance

[Redacted contact information]