



Deloitte LLP

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December 11, 2020

Ms. Vanessa A. Countryman
U.S. Securities and Exchange Commission
100 F Street N.E.
Washington, DC 20549
Re: File Reference No. PCAOB-2020-01

SEC Release No. 34-90473, *Public Company Accounting Oversight Board; Notice of Filing of Proposed Rules on Amendments to PCAOB Interim Independence Standards and PCAOB Rules To Align With Amendments to Rule 2-01 of Regulation S-X*

Dear Ms. Countryman:

Deloitte LLP ("we" or "our") is pleased to respond to the request for public comment from the Securities and Exchange Commission (the "SEC" or "Commission") on SEC Release No. 34-90473, *Public Company Accounting Oversight Board; Notice of Filing of Proposed Rules on Amendments to PCAOB Interim Independence Standards and PCAOB Rules To Align With Amendments to Rule 2-01 of Regulation S-X* (collectively referred to as the "proposed amendments").

We support the Public Company Accounting Oversight Board's ("PCAOB") decision to adopt targeted amendments to eliminate differences and duplicative requirements between the PCAOB's independence requirements and the amendments to Rule 2-01 of Regulation S-X ("Rule 2-01") adopted by the Commission on June 18, 2019 and October 16, 2020. The proposed amendments accomplish this objective by conforming certain provisions in the PCAOB's interim independence standards regarding lending relationships and certain definitions within the PCAOB's independence rules to those included in amended Rule 2-01.

We supported the Commission's 2019 amendments to Rule 2-01(c)(1)(ii)(A) to refocus on lending relationships with those shareholders in a "special and influential role" while excluding lending relationships that are unlikely to present an actual threat to an accounting firm's objectivity and impartiality. We also supported the Commission's recent adoption of additional amendments to Rule 2-01 to more effectively focus the independence analysis on those relationships or services that are likely to threaten an auditor's objectivity and impartiality, and help to reduce the compliance costs and challenges and permit auditors and audit committees to use their resources more effectively to the benefit of investors. The Commission's adoption of these amendments did, however, create certain differences between the amended Rule 2-01 and the PCAOB's independence requirements.

As the Commission's request for comment notes, both the PCAOB and the Commission have jurisdiction over auditor independence and therefore, the Commission's requirements and the PCAOB's independence standards and rules should work together to establish the independence compliance requirements for auditors subject to the PCAOB's jurisdiction. Since certain provisions regarding lending relationships in the

PCAOB's interim independence standards overlap with and are inconsistent with amended Rule 2-01, practical challenges will arise as PCAOB Rule 3500T requires audit firms to comply with the more restrictive of the PCAOB's interim independence standards and Rule 2-01. Additionally, without amendments to the PCAOB's existing definitions of the terms "affiliate of the audit client," "audit and professional engagement period," and "investment company complex" in Rule 3501(a)(ii), (a)(iii), and (i)(ii), confusion will arise because the same terms are used in the amended Rule 2-01 but defined differently by the PCAOB.

Accordingly, we believe that adopting the proposed amendments to the PCAOB independence standards and rules to eliminate these differences and duplicative requirements is appropriate. The proposed amendments clarify the professional obligations of auditors, provide greater regulatory certainty, and help facilitate compliance with the amended Rule 2-01 and PCAOB independence standards and rules. The proposed amendments will also support coordination between the PCAOB and the Commission when monitoring compliance with the Commission's amended independence requirements in Rule 2-01.¹

We appreciate the opportunity to provide our perspectives on the proposed amendments. If you have any questions or would like to discuss our views further, please contact Ms. Shelley Duncan, Director of Independence, at [REDACTED].

Sincerely,



cc: Jay Clayton, Chair
Hester Peirce, Commissioner
Elad Roisman, Commissioner
Allison Lee, Commissioner
Caroline Crenshaw, Commissioner
Sagar Teotia, Chief Accountant
Diana Stoltzfus, Deputy Chief Accountant

William Duhnke III, PCAOB Chair
Robert Brown, PCAOB Board Member
Duane DesParte, PCAOB Board Member
Rebekah Goshorn Jurata, PCAOB Board Member
Megan Zietsman, PCAOB Board Member

¹ *Public Company Accounting Oversight Board; Notice of Filing of Proposed Rules on Amendments to PCAOB Interim Independence Standards and PCAOB Rules To Align With Amendments to Rule 2-01 of Regulation S-X, Release 34-90473 [85 FR 76135 (November 27, 2020)].*