

**SECURITIES AND EXCHANGE COMMISSION**  
**(Release No. 34-60496; File No. PCAOB-2008-05)**

August 13, 2009

**Public Company Accounting Oversight Board; Order Approving Proposed Rules on Succeeding to the Status of a Predecessor Firm**

**I. Introduction**

On August 4, 2008, the Public Company Accounting Oversight Board (the "Board" or the "PCAOB") filed with the Securities and Exchange Commission (the "Commission") proposed rules (File No. PCAOB-2008-05) on succeeding to the status of a predecessor firm, pursuant to Section 107 of the Sarbanes-Oxley Act of 2002 (the "Act"). Notice of the proposed rules was published in the Federal Register on June 18, 2009.<sup>1</sup> The Commission did not receive any comment letters relating to this rule proposal. For the reasons discussed below, the Commission is granting approval of the proposed rules.

**II. Description**

On July 28, 2008, the Board adopted rules and submitted to the Commission a rule proposal consisting of two new rules (PCAOB Rules 2108-2109) and a new form, Form 4, related to succeeding to the registration status of a predecessor firm. The proposed rules allow, in certain circumstances, a registered public accounting firm's registration status to continue with a firm that survives a merger or other change in the registered firm's legal form. If approved by the Commission, the rules on succession reporting would take effect 60 days after Commission approval. For firms that had a change in legal form, or that resulted from an acquisition or combination, in the period

---

<sup>1</sup> See Release No. 34-60108 (June 12, 2009); 74 FR 29005 (June 18, 2009).

between the firm's registration and the effective date of the rules, those firms will be required to report the change on Form 4 within 14 days after the Commission's approval date.

The proposed rules provide the opportunity for continuity of a firm's registration in two categories: (1) changes related to a firm's legal form of organization or jurisdiction; and (2) transactions in which a registered firm is acquired by an unregistered entity or combines with other entities to form a new legal entity. The events to which the rules apply are events for which a firm plans, not unanticipated events to which a firm reacts. The proposed rules are designed to facilitate a firm's ability to factor into its planning, and to predict with certainty, whether and how continuity of registration can be maintained.

The proposed rules set a deadline of 14 days for a firm to file a report on Form 4, and require certain information and representations in the form. If the firm files the form within the required timeframe, provides the required representations, and certifies that all required information is included, then continuity of registration is automatic, without the need for separate Board action. The rules and Form 4 also build in safeguards to ensure that the Form 1 registration process is not circumvented in circumstances where that process is more appropriate than Form 4 succession.

### **III. Discussion**

The Commission did not receive any comment letters relating to the rule proposal.

### **IV. Conclusion**

The Commission finds that the proposed PCAOB rules on succeeding to the registration status of a predecessor firm are consistent with the requirements of the Act

and the securities laws and are necessary or appropriate in the public interest or for the protection of investors.

IT IS THEREFORE ORDERED, pursuant to Section 107 of the Act and Section 19(b)(2) of the Exchange Act, that proposed PCAOB Rules on Succeeding to the Registration Status of a Predecessor Firm (File No. PCAOB-2008-05) be and hereby are approved.

By the Commission.

Elizabeth M. Murphy  
Secretary