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September 3, 2004

Jonathan G. Katz, Secretary
Securities & Exchange Commission
450 Fifth Street, NW
Washington, D.C. 20549-0609

RE: File No. S7-32-04 - Temporary Postponement of Final Phase-In Period for
Acceleration of Periodic Report Filing Date

Dear Mr. Katz:

We support the proposed postponement for one year of the final phase-in period for the acceleration of the due dates of quarterly and annual reports filed by "accelerated filers." However, we worry that this postponement will not fully address the real concerns of registrants as they prepare to obtain the opinion contemplated by Public Company Accounting Oversight Board Audit Standard No. 2.

For registrants with a December 31 fiscal year end, the vast amount of the work contemplated by Audit Standard No. 2 must be completed prior to December 31, 2004. This work includes the design, implementation and documentation of the required internal controls and, more critically at this stage, the testing of those controls. In fact, the only work that Audit Standard No. 2 envisions being completed subsequent to December 31, 2004, is the testing of the year-end closing procedures and the final work by independent auditors.

Although some of the largest registrants begin preparation of their Form 10-Ks prior to fiscal year end, most registrants do not. As a consequence, for most registrants the overlap between the bulk of the work contemplated by Audit Standard No. 2 and the preparation of their Form 10-Ks is going to be minimal. Hence, while the proposed postponement may be helpful to registrants, it does not address the real concerns that they have with regard to implementation of Audit Standard No. 2: Can they get the systems in place and tested prior to December 31, 2004?

Given the requirements of Audit Standard No. 2, particularly the testing requirement -- a requirement that registrants have little if any experience with and will first be performing this fall

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in a real time, "live" environment -- the accounting resources of most registrants currently are overtaxed, if not wholly inadequate. Further, this resource scarcity extends to independent audit firms, and we have been told, for instance, that one of the Big Four audit firms in Atlanta estimates that it will have a manpower shortfall of 26,000 hours this fall (*i.e.*, well before the Form 10-K season even begins) relative to the work that it will need to perform.

I have spoken before several thousand registrants over the past year regarding SEC compliance, including compliance with Audit Standard No. 2. Based upon the polling that I have done of those audiences and the private conversations that I have had, it appears that many registrants believe that they can fulfill their obligations, some do not think they can, and most others simply do not know. Our financial markets do not benefit from rushing this process to a less than successful conclusion. Rather, as has been emphasized so often by the Commission, the improvement of internal controls may be one of the most important initiatives by the SEC in the last several decades. Hence, it should be done right.

We believe that this overwhelming amount of work can only be dealt with by directly readdressing the implementation of Audit Standard No. 2. We propose that public disclosure of the opinion contemplated by Audit Standard No. 2 should be voluntary during the first year so that registrants can implement and improve their internal control systems and testing, and hire and train the necessary personnel, without excessive scrutiny and litigation risk. However, the deferral that we propose in this regard is narrow: We propose only that the written opinion need not be included in registrants' annual reports. Registrants still would be required to perfect their internal controls, perform the testing process this fall and address issues, as necessary, with their audit committee. However, this process would be private and would better prepare registrants for full public implementation next year by not compromising the process this year.

As noted above, we do support the postponement. However, we do not believe the postponement addresses the underlying concerns that registrants have expressed to us.

Sincerely yours,

W. Brinkley Dickerson, Jr.

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