

October 1, 2004

Mr. Jonathan G. Katz  
Secretary  
U.S. Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, DC 20549-0609

**File No.: S7-32-04**  
**Temporary Postponement of the Final Phase-In Period for Acceleration of Periodic  
Report Filing Dates**  
**Release Nos. 33-8477; 34-50254**

Dear Mr. Katz:

The Center for Public Company Audit Firms (the Center) of the American Institute of Certified Public Accountants (AICPA) respectfully submits the following written comments on the Securities and Exchange Commission's (the SEC or the Commission) proposed rule *Temporary Postponement of the Final Phase-In Period for Acceleration of Periodic Report Filing Dates* (the Release or Proposed Rule).

The Center was established by the AICPA to, among other things, provide a focal point of commitment to the quality of public company audits and provide the Commission and the Public Company Accounting Oversight Board (PCAOB), when appropriate, with comments on its proposals on behalf of Center member firms. The AICPA is the largest professional association of certified public accountants in the United States, with more than 330,000 members in business, industry, public practice, government and education. There are approximately 1,000 firms that are members of the Center. All of the Center's member firms are U.S. domiciled accounting firms.

We commend the Commission's efforts to postpone for one year the completion of the final phase-in of the accelerated filing deadlines. We strongly support the approval of the Proposed Rule. We believe the postponement of the final phase-in of the accelerated filing deadlines for periodic reports under the Exchange Act will serve the public interest by allowing registrants to focus on both the initial implementation of reporting on internal control over financial reporting and on high quality financial reporting. Our responses to certain specific questions raised in the Release are presented below.

***Is it appropriate to postpone the final phase-in period of the accelerated filing deadlines? If so, is the length of the proposed postponement appropriate, or should it be shorter or longer?***

We believe that a one-year postponement of the phase-in of the accelerated filing deadlines is appropriate and necessary for the reasons set forth in the Release. In addition, we urge the SEC to reassess the market value definition of accelerated filers following the upcoming year-end reporting season to potentially ease the reporting burden on smaller businesses.

***Should we postpone the final phase-in of the accelerated filing deadlines for both annual and quarterly reports or only for annual reports given that management's internal control report must appear only in the annual report? Does the required disclosure about material changes to a company's internal control over financial reporting that must appear in the quarterly report warrant a postponement of the accelerated filing deadlines for quarterly reports?***

We recommend that the deferral also apply to the quarterly reporting filing dates. We believe that retaining the current reporting deadline for accelerated filers would provide registrants the time they need to comply with Item 308(c) of Regulation S-K, which requires disclosure of any changes in internal control over financial reporting occurring during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting. PCAOB Auditing Standard No. 2 will also require independent registered public accounting firms, in connection with their reviews of interim financial information, to perform limited procedures to determine whether they are aware of any material modifications that, in their view, should be made to those disclosures. Retaining the current reporting deadline for accelerated filers would also provide registrants additional time, in advance of the filing of Form 10-Q and providing the Section 302 management certifications, to comply with Exchange Act Rule 13a-15(d) or Rule 15a-15(d), as applicable, which requires management to evaluate any changes disclosed under Item 308(c). Delaying further acceleration of the filing deadline for Form 10-Q also may allow management to better integrate their ongoing evaluation and testing of internal control over financial reporting with their quarterly evaluation of the effectiveness of disclosure controls and procedures.

***Should we provide for an extension of the filing deadlines only for accelerated filers that request an extension, for example, by providing for an extension upon the filing of a Form 12b-25 under the Exchange Act? Should we only provide an extension of the filing deadlines only to certain companies such as those that demonstrate a need for the extension? If so, what would be the best method for companies to communicate their request for an extension?***

We believe the postponement should be provided universally for all accelerated filers. We do not believe that accelerated filers should have to request an extension of the filing deadline by filing a Form 12b-25 since this would create an unnecessary administrative burden for both the registrant and the Commission.

As noted in the Release, concern has been expressed by both auditors and registrants with regard to the significant challenges of implementing the internal control requirements mandated by Section 404 of the Sarbanes-Oxley Act of 2002 within the existing deadlines. Accordingly, some companies may either file a Form 12b-25 to receive an additional 15 days beyond the proposed 75-day deadline or some companies may be unable to complete the Section 404 reporting process, including the necessary auditing, within the

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90 days of their fiscal year-end. Having said that, we recommend that the SEC closely monitor the reasons for Form 12b-25 filings related to the inability to complete Section 404 reporting and consider whether the consequences typically associated with a late filing are warranted.

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The Center for Public Company Audit Firms of the AICPA appreciates the opportunity to comment on the Release. We would be pleased to discuss these comments with you at your convenience.

Sincerely,



Robert J. Kueppers  
Chair  
Center for Public Company Audit Firms

cc: Chairman William H. Donaldson  
Commissioner Cynthia A Glassman  
Commissioner Harvey J. Goldschmid  
Commissioner Paul S. Atkins  
Commissioner Roel C. Campos  
Alan L. Beller  
Donald T. Nicolaisen