

)) Announcement of Annual Fee and Increase in Minimum Registration Application Fee)))))	PCAOB Release No. 2010-002 April 13, 2010
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Section 102(f) of the Sarbanes-Oxley Act of 2002 ("the Act") directs the Public Company Accounting Oversight Board ("PCAOB" or "Board") to "assess and collect a registration fee and an annual fee from each registered public accounting firm, in amounts that are sufficient to recover the costs of processing and reviewing applications and annual reports." Each registered firm has paid an application fee according to the fee schedule established in 2003. In connection with the reporting requirements that took effect near the end of 2009 and that require registered firms to file annual reports starting in 2010, the Board is now establishing the annual fee as follows:

Firms with more than 500 issuer audit clients and more than 10,000 personnel	\$100,000
Other firms with more than 200 issuer audit clients and more than 1,000 personnel	\$25,000
All other firms	\$500

Pursuant to PCAOB Rule 2202, the annual fee must be paid on or before July 31 of each year. In any particular year, the fee must be paid by each firm that is registered as of March 31 of that year, unless by June 30 the firm has withdrawn from registration or has submitted a completed Form 1-WD (seeking leave to withdraw) that is pending. The Board intends to transmit invoices for the annual fee by early May of each year, but the fee is due regardless of whether the firm receives the invoice and regardless of whether the firm has filed the required annual report.^{1/} Firms that become registered after March 31 of any year do not pay an annual fee until the following year.

^{1/} For purposes of the fee categories, the number of "issuer audit clients" refers to the number of issuers (as defined in the Act) for which the firm issued audit reports during the 12-month reporting period ending in the year the fee is due, and the number of "personnel" refers to the number of firm personnel as of the end of that reporting period, both as reported (or as required to be reported) by the firm in its

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The costs that the Board will recover through the annual fee include costs incurred through December 31, 2009 in connection with processing and reviewing registration applications, net of application fees received; costs incurred to date in the development of a new online system for registration and reporting; and estimated future costs of processing and reviewing applications and reports and maintaining the online system, net of anticipated application fees. The costs include personnel costs and consulting expenses, as well as the cost of system development, equipment, and maintenance. In identifying the costs that are recoverable pursuant to section 102(f), the Board is careful to exclude staff and system functions that are outside the scope of processing and reviewing applications and reports.

The recoverable costs cannot all be precisely divided among registration costs and reporting costs, and section 102(f) does not require recovery according to any such precise division. The Board does not, for example, attempt to isolate all registration costs and recover them entirely through registration application fees. Among other difficulties with attempting to do so, one result would be a high, perhaps in some cases prohibitive, application fee. The Board instead attempts to keep registration fees at a reasonable level and to recover each firm's share of the balance of section 102(f) costs over a time period that results in a reasonable annual fee.

The annual fee schedule described above will remain in effect until further notice. The Board may revise the annual fee from time to time as necessary, such as to take account of variances between estimated costs and actual costs or significant changes in the number of registered firms.

In addition to setting the annual fee, the Board is at this time increasing the minimum registration application fee. The application fee varies according to the number of issuers for which the applicant issued audit reports in the calendar year preceding the year of the application. Since 2003, the minimum application fee, which is required from applicants that issued no audit reports for issuers in the preceding year, has been set at \$250. The Board believes it is appropriate at this time to raise that fee to \$500 to align it more closely with the minimum annual fee.

annual report on Form 2. The Board has what it believes to be reliable current information about which registered firms are in each of the three fee categories and will generate invoices accordingly. If information provided in a firm's annual report on Form 2 indicates that the firm is in a different category than that for which it was invoiced, a corrected invoice will be transmitted. The firm will remain responsible for paying the correct fee by July 31.