

SECURITIES AND EXCHANGE COMMISSION

17 CFR PART 200

[Release No. 34-63699]

Delegation of Authority to the Chief Accountant

AGENCY: Securities and Exchange Commission.

ACTION: Final rule.

SUMMARY: The Securities and Exchange Commission is amending its rules to delegate authority to the Chief Accountant with respect to proposed rule changes of the Public Company Accounting Oversight Board pursuant to Section 107 of the Sarbanes-Oxley Act of 2002 and Section 19(b) of the Securities Exchange Act of 1934, as follows: to publish notices of proposed rule changes filed by the PCAOB; to approve or disapprove a proposed rule change; and to temporarily suspend a proposed rule of the PCAOB. In addition, the Commission is amending its rules to delegate authority to the Chief Accountant to determine the appropriateness of extending the time periods specified in Section 19(b) and publish the reasons for such determination as well as to effect any such extension and to institute proceedings to determine whether to disapprove a proposal and to provide to the PCAOB notice of the grounds for disapproval under consideration, and to find good cause to approve a proposal on an accelerated basis and to publish the reasons for such determination. This delegation is intended to conserve Commission resources and to maintain the effectiveness and efficiency of the Commission's PCAOB proposed rule filing process.

EFFECTIVE DATE: [Insert date of publication in the Federal Register]

FOR FURTHER INFORMATION CONTACT: Jeffrey S. Cohan, Senior Special Counsel, or John F. Offenbacher, Senior Associate Chief Accountant, at (202) 551-5300, Office of the Chief

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SUPPLEMENTARY INFORMATION:

I. DISCUSSION OF RULE AMENDMENTS

Pursuant to the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley Act”),¹ proposed rules of the Public Company Accounting Oversight Board (“PCAOB”) are governed by certain provisions of Section 19 of the Securities Exchange Act of 1934 (“Exchange Act”).² The Dodd-Frank Wall Street Reform and Consumer Protection Act³ amended Section 19 of the Exchange Act so that there are new deadlines by which the Securities and Exchange Commission (“Commission”) must publish and act upon proposed rule changes submitted by the PCAOB. In recognition of the amendments to Section 19, the Commission is amending its rules governing delegations of authority to the Chief Accountant. The amendments to Rule 30-11 (17 CFR 200.30-11) authorize the Chief Accountant: (1) to publish notice of a PCAOB proposed rule change pursuant to Section 19(b)(1); (2) pursuant to Section 19(b)(2) of the Exchange Act, to approve or disapprove⁴ a PCAOB proposed rule change;⁵ (3) pursuant to Section 19(b)(2)(A) of

¹ See Section 107 of the Sarbanes-Oxley Act, 15 U.S.C. 7217.

² See 15 U.S.C. 78s(b)(2)

³ Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1376 (2010).

⁴ 15 U.S.C. 78s(b)(2). Section 107(b) of the Sarbanes Oxley Act, 15 U.S.C. 7217(b), and Section 19(b)(2)(C) of the Exchange Act, 15 U.S.C. 78s(b)(2)(C), provide the standards for Commission approval and disapproval of a proposed rule. Specifically, Section 107(b)(3) provides that the Commission “shall approve a proposed rule if it finds that the rule is consistent with the requirements of this Act and the securities laws, or is necessary and appropriate in the public interest or for the protection of investors.” Additionally, the Commission may not approve a proposed rule change earlier than 30 days after the date of publication unless the Commission finds good cause for so doing and publishes the reasons for the finding.

⁵ The amendments also specify that the Office of the Chief Accountant is to notify the Commission no less than five (5) business days before the Chief Accountant intends to exercise his or her authority to approve or disapprove a particular proposed rule change.

the Exchange Act,⁶ to extend for a period not exceeding 90 days from the date of publication of notice of the filing of a proposed rule change the period during which the Commission must by order approve or disapprove the proposed rule change; (4) pursuant to Section 19(b)(2)(A) of the Exchange Act,⁷ to determine the appropriateness of extending the period during which the Commission must by order approve or disapprove a proposed rule change or institute proceedings to determine whether to disapprove the proposal and publish the reasons for such determination; (5) pursuant to Section 19(b)(2)(B) of the Exchange Act,⁸ to extend for a period not exceeding 240 days from the date of publication of notice of the filing of a proposed rule change the period during which the Commission must conclude proceedings to determine whether to disapprove the proposal and to determine whether such longer period is appropriate and publish the reasons for such determination; (6) to temporarily suspend the PCAOB's proposed rule change pursuant to Section 19(b)(3)(C) of the Exchange Act;⁹ (7) pursuant to Section 19(b)(2) of the Exchange Act and 19(b)(3) of the Exchange Act, to institute proceedings to determine whether a proposed rule of the PCAOB should be disapproved and to provide to the PCAOB notice of the grounds for disapproval under consideration; and (8) to find good cause to approve a proposal on an accelerated basis and to publish the reasons for such determination.

This delegation is intended to conserve Commission resources and maintain the effectiveness and efficiency of the Commission's process for handling proposed rule changes submitted by the PCAOB. The Commission anticipates that the delegation of authority will help facilitate timely compliance with the amendments to Section 19 of the Exchange Act and the

⁶ 15 U.S.C. 78s(b)(2)(A)

⁷ 15 U.S.C. 78s(b)(2)(A)

⁸ 15 U.S.C. 78s(b)(2)(B)

⁹ 15 U.S.C. 78s(b)(3)(C)

new statutory deadlines prescribed therein. Nevertheless, the Chief Accountant may submit matters to the Commission for its consideration, as he or she deems appropriate.

The Commission finds, in accordance with the Administrative Procedure Act (5 U.S.C. 553(b)(3)(A)), that these amendments relate solely to agency organization, procedures, or practices, and do not relate to a substantive rule. Accordingly, notice, opportunity for public comment, and publication of the amendments prior to their effective date are unnecessary and these changes are effective on [insert date of publication in the Federal Register].

List of Subjects in 17 CFR Part 200

Administrative practice and procedure, Authority delegations (Government agencies).

Text of Amendment

For the reasons set out in the preamble, Title 17, Chapter II of the Code of Federal Regulations is amended as follows:

PART 200 – ORGANIZATION; CONDUCT AND ETHICS; AND INFORMATION AND REQUESTS

1. The authority citation for Part 200, Subpart A, continues to read in part as follows:

Authority: 15 U.S.C. 77o, 77s, 77sss, 77d, 78d-1, 78d-2, 78w, 78ll(d), 78mm, 80a-37, 80b-11, and 7202 et seq., unless otherwise noted.

* * * * *

2. Section 200.30-11 is amended as follows:

a. Redesignating paragraph (b) as paragraph (c).

b. Adding new paragraph (b).

The addition reads as follows:

§ 200.30-11 Delegation of authority to the Chief Accountant.

* * * * *

(a) * * *

(b) (1) Pursuant to section 107 of the Sarbanes-Oxley Act of 2002, 15 U.S.C. 7217, and section 19(b) of the Act, 15 U.S.C. 78s(b), and applicable rules of the Commission, to publish notices of proposed rule changes filed by the Public Company Accounting Oversight Board.

(2) Pursuant to section 107 of the Sarbanes-Oxley Act of 2002, 15 U.S.C. 7217, and section 19(b) of the Act, 15 U.S.C. 78s(b), and applicable rules of the Commission, to approve or disapprove a proposed rule change, and to find good cause to approve a proposed rule change earlier than 30 days after the date of publication of such proposed rule change and to publish the reasons for such finding. The Office of the Chief Accountant shall notify the Commission no less than five (5) business days before the Chief Accountant intends to exercise his or her authority to approve or disapprove a particular proposed rule change.

(3) Pursuant to section 107 of the Sarbanes-Oxley Act of 2002, 15 U.S.C. 7217, and section 19(b)(2)(A) of the Act, 15 U.S.C. 78s(b)(2)(A), to extend for a period not exceeding 90 days from the date of publication of notice of the filing of a proposed rule change pursuant to section 19(b)(1) of the Act, 15 U.S.C. 78s(b)(1), the period during which the Commission must by order approve or disapprove the proposed rule change or institute proceedings to determine whether the proposed rule change should be disapproved and to determine whether such longer period is appropriate and publish the reasons for such determination.

(4) Pursuant to section 107 of the Sarbanes-Oxley Act of 2002, 15 U.S.C. 7217, section 19(b)(2) of the Act, 15 U.S.C. 78s(b)(2), and section 19(b)(3) of the Act, 15 U.S.C. 78s(b)(3), to

institute proceedings to determine whether a proposed rule change of the Public Company Accounting Oversight Board should be disapproved and to provide to the Public Company Accounting Oversight Board notice of the grounds for disapproval under consideration. In addition, pursuant to section 107 of the Sarbanes-Oxley Act of 2002, 15 U.S.C. 7217, and section 19(b)(2)(B) of the Act, 15 U.S.C. 78s(b)(2)(B), to extend for a period not exceeding 240 days from the date of publication of notice of the filing of a proposed rule change pursuant to section 19(b)(1) of the Act, 15 U.S.C. 78s(b)(1), the period during which the Commission must issue an order approving or disapproving the proposed rule change and to determine whether such longer period is appropriate and publish the reasons for such determination.

(5) Pursuant to section 107 of the Sarbanes-Oxley Act of 2002, 15 U.S.C. 7217, and section 19(b)(3)(C) of the Act, 15 U.S.C. 78s(b)(3)(C), to temporarily suspend a rule of the Public Company Accounting Oversight Board.

* * * * *

By the Commission.

Elizabeth M. Murphy
Secretary

Date: January 11, 2011