



PCAOB Reporting Requirements Effective December 31, 2009

Effective December 31, 2009, accounting firms registered with the Public Company Accounting Oversight Board (“PCAOB”) will be required to file annual and current reports with the PCAOB. On August 13, 2009, the Commission approved the proposed rules with the original effective date to have been October 12, 2009, but on September 30, 2009, the PCAOB delayed the effectiveness of the new reporting rules until December 31, 2009. These rules implement the requirements of Section 102(d) of the Sarbanes-Oxley Act of 2002 that registered public accounting firms report annual information about the firms and their audit practices and submit, as specified by the PCAOB or the Securities and Exchange Commission (“Commission”), more frequent information as shall be necessary to update the information previously filed with the PCAOB.

Highlights...

Briefing	Discussion of Reporting Rules
Appendix A	Annual Report on Form 2, Items, Instructions and Comments
Appendix B	Initial Special Report on Form 3, Items, Instructions and Comments
Appendix C	Special Report on Form 3, Items, Instructions and Comments
Appendix D	Key Definitions Under PCAOB Rule 1001
Appendix E	Preparing for Reporting Checklist

Special Briefings

PCAOB Reporting Requirements Effective December 31, 2009

Until now, the PCAOB required only the initial registration of accounting firms, and it had no requirement for annual reports or amendments to report material changes in the initial registration information.

The purposes of the new rules are (i) to keep the PCAOB informed as to a firm's basic professional information such as the firm's name, location, licenses and contact information, (ii) to provide the PCAOB with current information regarding a firm's audit practice in order to facilitate analysis and inspection by the PCAOB, and to keep the public informed of such information, and (iii) to alert the PCAOB as to the occurrence of any events that would require more immediate action by the PCAOB in terms of inspections or enforcement, and that might otherwise warrant public disclosure. As required by Section 102(e) of Sarbanes-Oxley, all registration applications and annual reports will be publicly available, subject to rules of the PCAOB and the Commission relating to the confidentiality of proprietary and personal information. The PCAOB is also authorized to collect an initial registration fee and an annual fee from each registered firm.

This Briefing summarizes the disclosures required by the annual and current reports and the instructions for completing such disclosures, as well as discusses the substantive issues to be disclosed. Also included in this Briefing are practical suggestions for firms on gathering and collecting the information necessary to comply with the PCAOB reporting rules. What is important, however, is that firms implement the necessary procedures as soon as possible, as the Initial Special Report under the new Rules must be filed with the PCAOB no later than February 1, 2010.

Initial Registration

An accounting firm's initial report is filed with the PCAOB on Form 1 and is required before an accounting firm is allowed to attest to financial statements being filed by an issuer with the Commission. Form 1 must be submitted through the PCAOB's Web-based registration system. The PCAOB has 45 days to take action after the firm submits its application. There are three possible actions: approval, issuance of a notice of a hearing, or request for additional information. If the PCAOB requests additional information concerning the application, a new 45-day period will begin when the additional information is received. The new rules do not alter the information required in the Form 1 registration.

Annual Report

The PCAOB adopted the new Form 2 for annual reporting by registered accounting firms. Its purpose is to provide a profile of the firm at a point in time based on its activity related to issuers over the most recent 12-month period.

Filing Requirements. The Annual Report on Form 2 must be filed with the PCAOB no later than **June 30** of each year, and the Annual Report must cover a **twelve-month period from April 1 of the preceding calendar year through March 31 of the calendar year** (the "**Reporting Period**") in which the Annual Report is filed. Form

Important Dates...

December 31, 2009	PCAOB Reporting Rules Become Effective
January 14, 2010	Optional Form 4 (Succession to Registered Status) Due
February 1, 2010	Initial Special Report Due
March 31, 2010	End of Reporting Period April 1, 2009–March 31, 2010
June 30, 2010	Annual Report on Form 2 Due for Reporting Period

2, and all exhibits, must be filed electronically, through the PCAOB's Web-based filing system.

Form 2 requires the firm to provide, among other things, information about the firm's public issuer-related practice, internal and external resources on which the firm draws in performing audits, disciplinary histories of new personnel, certain new relationships and acquisitions, information about fees billed to issuer audit clients for various categories of services, and an affirmation related to the firm's statutory obligations to cooperate with the PCAOB. The reporting items on Form 2, and instructions and comments with respect to such items, are set forth in **Appendix A** to this Briefing.

In addition, Form 2 also requires an annual affirmation that the firm consents to cooperate with the PCAOB and will enforce cooperation with the PCAOB by the firm's associated persons. The firm's affirmation is strictly required, subject only to exceptions imposed by non-U.S. legal requirements.

In order to be accepted for filing, the Form 2 must include a signed certification by an authorized partner or officer of the firm. This certification confirms completeness of the Form 2 and also confirms that the firm has filed all required Special Reports on Form 3 during the applicable reporting period. If the firm realizes that it has not filed a required Form 3, it must complete and file a Special Report before it can file the Form 2 with the required certification. For the initial Annual Report due June 30, 2010, the certification will mean implicitly that the firm has filed its Initial Special Report and any Special Report with respect to a triggering event occurring since the filing of the Initial Special Report, and that all such Special Reports are complete and correct.

Reporting Period. The PCAOB adopted a single filing deadline rather than allowing

registered public accounting firms to file based on their respective fiscal years. June 30 of each year is the deadline for the Annual Report on Form 2. The "**Reporting Period**" covered by the annual report is April 1 to March 31, and the Form 2 is due June 30, thereby leaving each firm with three months to prepare and file a Form 2 reflecting information from that 12-month period. Each currently registered firm's first Form 2 Annual Report is due June 30, 2010.¹

The PCAOB had considered, but rejected, tying the annual reporting period to a firm's fiscal year, and it decided that it would be more beneficial to have all firms reporting on the same deadline. Although a firm might have a fiscal year ending other than on March 31, most of the information it reports must relate to the 12 months ending March 31. One implied rationale for the March 31 end of the Reporting Period is that such Reporting Period will include the audit reports for issuers with fiscal years ending December 31, and therefore, the Form 2 will have the most recent and timely report of audit reports issued by the firm. Otherwise, the information contained in Form 2, filed by June 30, will contain information that is more than a year old. Accordingly, for substantially all of the information required by Form 2, the firm must maintain a separate tracking system.

A potential source of confusion derives from the different labels used by the PCAOB and the Commission for the four categories of fees for audit services and other services provided to issuer audit clients, though substantively, the labels are equivalent:

¹ Any firm that was registered as of March 31 of a particular year would be required to file Form 2 by June 30 of that year, but any firm that became registered in the period between and including April 1 and June 30 would not be required to file a Form 2 until June 30 of the following year.

<u>PCAOB</u>	<u>SEC</u>
Audit Services	Audit Fees
Other Accounting Services	Audit-Related Fees
Tax Services	Tax Fees
Non-Audit Services	All Other Fees

If the firm can reasonably report the requested percentages based on precise data, the PCAOB encourages it to do so. If such reporting is not possible, Form 2 affords the firm two options for reporting fees: based on either the Reporting Period or the firm's fiscal year most recently completed during the Reporting Period. If the firm were to use its own fiscal year for reporting, then it would report the fee amounts disclosed by its clients in its filings with the SEC for the clients' fiscal years that ended during the Reporting Period. Whichever method the firm uses will require the firm to be consistent and diligent in tracking such reporting from year to year.

Definitions. In order to report accurately on both Form 2 and Form 3, the firm must pay careful attention to the definitions of key terms in the PCAOB Rules. These definitions embody substantive information directly relevant to the items on each report form. **Appendix D** to this Briefing sets forth the definitions of the key terms under current PCAOB rules. Each firm's compliance department will need to utilize these definitions in modifying the firm's internal compliance and disclosure controls in order to gather the information necessary for completion of Form 2 and Form 3, and to institute systems necessary to report triggering events on a timely basis.

The term "issuer" is defined in the PCAOB Rules as an entity with securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or

that is required to file reports under Section 15(d) of the Exchange Act, or that has filed a registration statement that has not yet become effective under the Securities Act of 1933 as amended (the "Securities Act"). The first two parts of the definition are fairly straightforward in terms of the accounting firm's reporting—any issuer which is a reporting company, whether because of its registration under the Exchange Act or because it has recently completed a public offering under the Securities Act. The definition of "issuer" includes a third type—a company for whom the accounting firm has issued an audit report that is part of such company's registration statement under the Securities Act, even though such registration statement is not yet effective and therefore, such company is not yet a reporting company under the Exchange Act. Therefore, as the accounting firm collects data for its Annual Report, it must be careful to include issuers whose registration statements have been filed during the Reporting Period even though no periodic reports under the Exchange Act have been filed by such issuer. To add to the confusion, the instructions for the Annual Report refer to "issuer audit clients" and such term is not defined anywhere in the PCAOB Rules. Combining the definitions of "issuer" and "audit report", however, would result in the definition of this term being an issuer for whom the accounting firm has issued an audit report.

Annual Fee. The Sarbanes-Oxley Act requires the PCAOB to collect an initial registration fee and an annual fee from each registered firm "in amounts that are sufficient to cover the PCAOB's costs of processing and reviewing applications and annual reports." The PCAOB has collected registration fees since the commencement of firm registrations in 2003. Annual fees will be due on July 31 of each year.

As set forth in the Commission's adopting release, the PCAOB has reported that it has unrecovered historical costs for the review of

registrations and annual reports that need to be collected from registered firms. In addition, the PCAOB will have significant ongoing costs of review as it implements and monitors the annual and current reporting regime. The PCAOB's costs may increase as a result of the requirement that auditors of non-public broker-dealers be registered with the PCAOB for fiscal periods ending on or after January 1, 2009.

In its release adopting the final rules for reporting by registered accounting firms, the Commission has recommended that the PCAOB set its annual fees at such levels as will enable the PCAOB to recover all of the unrecovered historical costs associated with the processing of registration applications in the first annual fee to be assessed on firms registered prior to January 1, 2009. The PCAOB has not yet issued its schedule of annual fees or methodology for determining and assessing annual fees.

Initial Special Report

Of immediate significance to a firm already registered, the Rules require the firm to file a "bring current" Initial Special Report on Form 3 to the extent that certain events have occurred since the date of the information contained in its original Form 1 registration and only to the extent that information about those events has current relevance. **This Initial Special Report is due on February 1, 2010 (the 30th day after the effectiveness of the rules, January 30, 2010, is a Saturday).**

General Instruction 4 to Form 3 sets forth the triggering events that a firm must report on its Initial Special Report. A firm must make this filing even if the firm has previously, though informally, reported to the PCAOB information about those triggering events. The Initial Special Report should include all of the triggering events that are specified in General Instruction 4. **Appendix B** to this Briefing summarizes the items to be

reported and the instructions for reporting in the Initial Special Report.

Special Report

The Special Report on Form 3 requires a registered firm to report certain material events that are not reflected in the firm's information already on file with the PCAOB. Its principal purpose is to alert the PCAOB about events that may have immediate bearing on how the PCAOB carries out its regulatory responsibilities regarding the firm. The information disclosed in a Special Report affords the PCAOB the opportunity to seek additional information, at any time, in connection with such disclosure. By filing the Special Report, the firm agrees to cooperate with the PCAOB in providing this additional information.

Reportable events include a change in the firm's name or contact information, the institution of certain types of legal, administrative, or disciplinary proceedings against a firm or certain categories of individuals and the employment, engagement or admission of individuals or entities who have a recent disciplinary history. Also, a reportable event includes entering into an arrangement to receive from individuals or entities with recent disciplinary history, services related to the firm's audit practices or services the firm provides to issuer audit clients. Except for changes in contact information and changes in the firm's name, the information called for by Form 3 does not duplicate or update information contained in a firm's Form 2.

A Special Report must be filed no later than 30 days after the "triggering event". Triggering events are described in Form 3 as having occurred when the firm has "become aware" that such triggering event has occurred. **The firm is deemed to become aware when any partner, shareholder, principal, owner or member of the firm first becomes aware of the facts underlying such event.** With respect to the

proposed rules, commentators questioned whether this standard was too burdensome for the firms. The Commission and the PCAOB believe that a firm should implement such controls and internal reporting policies and programs in order to assure the firm's compliance with this reporting standard. In its adopting release, the Commission likened the internal reporting being required to the same type of internal reporting and controls it imposes on public companies to meet their reporting obligations under Federal securities laws. Accordingly, firms must implement procedures to assure that all relevant information is accumulated and communicated to the appropriate compliance personnel on a timely basis. The Commission also believes that this expanded internal reporting will not add undue burdens since the accounting firms should already have in place systems for tracking independence issues.

More than one triggering event may be reported on a Form 3, and Part II of the Special Report sets forth a checklist of triggering events. Each item checked in Part II has a specified disclosure component set forth in another Part of Form 3. **Appendix C** to this Briefing summarizes the disclosures required by Form 3 and the instructions for completing such disclosures.

Firms may file amendments to a Special Report if the original Special Report contains incorrect or incomplete information. If the information as originally reported needs updating because facts have changed since the original filing of the Form 3, the firm should not use an amendment to the original Form 3 but should consider whether a new Form 3 reporting obligation has been triggered. When filing a Form 3 to amend an earlier Special Report, the firm must supply not only the amended and supplemental information, but must include all information, affirmations, and certifications that were required to be included in the original Form 3. The PCAOB anticipates that reportable events will not routinely occur and that

firms will go through most years without having any reportable events. As discussed under the Annual Report above, when filing the Annual Report, the firm must certify that it has filed all required Form 3 Special Reports during the Reporting Period. The certification is only that the firm has filed the Form 3 Special Reports, not that it filed them on a timely basis, and, therefore, the firm must complete the missing Form 3 Special Reports before it will be in a position to file the Annual Report on Form 2.

Form 4

The new PCAOB Rules also govern the filing of a Form 4 that will allow, in certain circumstances, a firm to succeed to the PCAOB-registered status of a predecessor firm without filing a new registration application on Form 1. **A firm seeking to utilize this option with respect to a succession event that occurred before December 31, 2009 must file Form 4 with respect to such event by January 14, 2010.**

The rules afford the opportunity for succession to registered status in two general categories of circumstances: (1) changes related to a firm's legal form of organization or the jurisdiction in which it is organized, 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 intentional transactions undertaken by firms, not unanticipated events to which a firm reacts. Form 4 requires an affirmation that, for purposes of the PCAOB's authority with respect to registered public accounting firms, including but not limited to the authority to impose disciplinary sanctions, the firm either has retained or assumes responsibility for the conduct of any predecessor registered public accounting firm before the change in legal form took effect. Where the event is a change in the legal form of organization or the jurisdiction of organization, but the entity otherwise remains substantially the

same, this affirmation means that the firm accepts continuing responsibility to the PCAOB for, and the possibility of PCAOB sanctions for, the firm's conduct before the transaction. Where the transaction is a combination of two or more entities, this affirmation means that the resulting entity accepts responsibility to the PCAOB for, and the possibility of PCAOB sanctions for, the conduct of each of the combining entities that was a registered public accounting firm at the time of the combination. A firm that is unwilling to provide the affirmation may not utilize the Form 4 process for succeeding to registration. In response to comments concerning successor liability, the PCAOB stated that the affirmation is not intended to create any new liability, nor is it intended to affect the legal liability under applicable common law of the combined firm to any person or entity other than the PCAOB.

For succession to registration to take effect automatically upon filing under the rules, Form 4 must be filed within 14 calendar days after the effective date of the transaction. The successor firm may apply to the PCAOB to allow for a late filing, but the firm must include a statement explaining the reasons for the late filing and why the late filing should be allowed.

Disciplinary Authority

Pursuant to the PCAOB Rules, each registered firm is subject to such regular and special inspections as the PCAOB chooses to conduct. The PCAOB has amended these Rules to provide that the PCAOB may, at any time, request that a firm provide additional information or documents relating to information provided on a Form 2 or a Form 3, or relating to information that has otherwise come to its attention. Such information requests are deemed to be in connection with the firm's next regular or special inspection, and accordingly, the cooperation requirements and disciplinary provisions of the PCAOB Rules apply.

If the PCAOB discovers, through inspections or otherwise, that a Report is untrue, incomplete or misleading, the PCAOB is authorized to take disciplinary action against the firm for violating the reporting requirements, and potentially against any associated person who caused the firm's violation. Therefore, to the extent that a firm subsequently discovers an error in a filed Report, it should, as promptly as practicable, file an amended Report correcting such error or supplying the missing information.

Public Availability of Reports

Each firm's Annual and Special Reports will be made available to the public on the PCAOB's website, subject to exceptions for information that satisfy specified criteria for confidential treatment. A firm may not request confidential treatment for specified types of information, including, for example, information about the firm's annual billings, the identity of the firm's issuer audit clients, the firm's affiliation with a network or alliance, or the identity of an issuer with respect to which the firm has withdrawn its audit report.

Each Form 2 and Form 3 will become immediately available to the public upon filing. The PCAOB's reporting system will redact automatically from the published version any information for which the firm has requested confidential treatment. Such information will remain redacted unless and until the request for confidential treatment is denied, but the balance of the filing will be immediately publicly available.

The adopting release recites clearly certain types of information for which confidential treatment may not be requested, including the percentage of billings for U.S. firms that are attributable to services provided to issuer audit clients (non-U.S. firms may request confidential treatment for this item), the identity of a firm's issuer audit clients, and the identity of an issuer for which the auditor has withdrawn its audit

report. For Form 2, confidential treatment may only be requested for information about its personnel (Part VI), relationships with persons or entities with disciplinary proceedings pending or recently concluded (Part VII) and materials filed as exhibits in support of requests for confidential treatment (Exhibit 99.3). For Form 3, confidential treatment may only be requested for its reasons for withdrawal of an audit report (Item 3.1(c)); the descriptions of the criminal, governmental, administrative or disciplinary proceedings for a triggering event (Part IV); new relationships with persons or entities with disciplinary or other proceedings pending or recently completed (Part V); reasons underlying a loss of license or certification (Item 6.1(d)); reasons for a change in the firm name (Item 7.1(d)); and materials filed as exhibits in support of requests for confidential treatment (Exhibit 99.3).

For any information for which the firm is requesting confidential treatment, the firm must now provide the PCAOB with a representation that such information has not otherwise been publicly disclosed, and either a detailed explanation of why the information is proprietary or a detailed explanation of the basis for the assertion that the information is legally protected from disclosure and a copy of the specific provision of the law. If the firm fails to provide the requested supporting materials, the request for confidential treatment will be denied.

The PCAOB continues to recognize the concerns of non-U.S. firms faced with local law restrictions on their ability to provide information to the PCAOB pursuant to these new reporting forms. If a foreign-registered firm cannot complete an Item on Form 2 or Form 3 because disclosure would violate non-U.S. law, then it must indicate that it has omitted required information on the ground that disclosure would violate non-U.S. law, identify the Items which it has withheld on that basis, and represent that it has, in good faith, sought waivers or consents under local law to

allow it to make such disclosures. The foreign-registered firm must have in its possession before filing the Report with the PCAOB and must maintain: an electronic version of the report and a manually signed copy of the Report that would satisfy the PCAOB Rules in full if it were to be filed with the PCAOB; a copy of the provisions of non-U.S. law that prohibit the disclosure; a legal opinion, in English, addressed to the firm, to the effect that the foreign-registered accounting firm cannot provide such information to the PCAOB without violating non-U.S. law; and a written representation that the Report is complete and non-misleading.

Preparing for Reporting

The practical implications of the new reporting rules are that registered accounting firms have significant information gathering, as well as reporting, obligations. Because the reporting requirements are effective December 31, 2009 and the Initial Special Report is due February 1, 2010, it is imperative that registered accounting firms begin gathering the necessary information as soon as possible. As these reporting requirements have now become a fixture of the practice of accounting with respect to public company issuers, a firm must implement internal controls and disclosure systems, as well as internal education programs, in order to cause the accountants and professional staff to report the required information to the firm's compliance department on a timely basis.

Firms should set up new, or modify existing, internal reporting systems that will collect information regarding the information required for Annual Reports as well as the triggering events for Special Reports. To the extent that these systems are implemented and collect information on a regular basis during the year, a firm will not have to face a crunch of searching for and organizing the information necessary for the Reports as they come due. The information

required by the Form 2 Annual Report and the Form 3 Special Report are, for the most part, not duplicative. Accordingly, the internal reporting systems need to track both annual information and triggering event information. For the Annual Report, such system should collect the information surrounding each audit report and consent issued, including the issuer, the issuer's CIK number, the date of the audit report and the date each consent is issued. The firm's billing systems should contain codes to identify billed fees to issuer audit clients as one of the four types of fees required by the Annual Report. The compliance department and the firm's personnel department must also keep track of the accountants who have signatory authority with respect to each audit report. Finally, since information may be required with respect to personnel from shareholders and partners through audit managers, the firm should be constantly aware of its personnel hierarchy and its designations of audit managers. For Form 3, the firm's internal controls should contain a list of triggering events and educate all of its personnel on how to communicate such information to the compliance department. Because of the sensitive nature of some of the items constituting triggering events, the firm may want to create a confidential way of communicating such information to the compliance department.

Appendix E to this Briefing sets forth recommended tasks that a firm's compliance department should undertake now in order to complete the Initial Special Report due February 1, 2010, and to gather the information that will be necessary to complete Form 2 and Form 3 going forward.

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If you have questions concerning the new PCAOB reporting requirements, please contact a member of Vedder Price's Accountants Professional Services Group.

FEDERAL TAX NOTICE: Treasury Regulations require us to inform you that any federal tax advice contained herein is not intended or written to be used, and cannot be used, by any person or entity for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code.

Appendices

Appendix A	Annual Report on Form 2, Items, Instructions and Comments
Appendix B	Initial Special Report on Form 3, Items, Instructions and Comments
Appendix C	Special Report on Form 3, Items, Instructions and Comments
Appendix D	Key Definitions Under PCAOB Rule 1001
Appendix E	Preparing for Reporting Checklist

Appendix A**Form 2 – Annual Report**

<u>Item #</u>	<u>Description</u>	<u>Instructions and Comments</u>
Information About the Firm's Issuer-Related Practice		
3.1	<p>Whether the Firm issued any audit report with respect to an issuer (and specifying whether the issuers were limited to employee benefit reports filed with the Commission on Form 11-K),</p> <p>Whether the Firm played a substantial role in the preparation or furnishing of an audit report with respect to an issuer,</p> <p>Whether the Firm issued any document with respect to financial statements of non-issuer broker-dealers in which the Firm set forth an opinion on such financial statements or asserted that no such opinion could be expressed.</p>	
3.2	<p>Of the total fees billed by the Firm to all clients for all services in the Reporting Period, the percentages of such fees that were billed to issuer audit clients and were attributable to each regarding:</p> <p>(1) audit services,</p> <p>(2) other accounting services,</p> <p>(3) tax services, and</p> <p>(4) non-audit services</p>	<p>If the Firm cannot report the data requested precisely, the Firm must indicate which of two methods it uses in calculating this disclosure:</p> <ul style="list-style-type: none"> ■ the denominator is the total of all fees billed to all clients for services rendered during the Reporting Period, and the numerator for each of the categories is the total of all fees billed to issuer audit clients for the relevant services during the Reporting Period; or ■ the denominator is the total of all fees billed to all clients in the Firm's fiscal year that ended during the Reporting Period (e.g., for calendar fiscal year, the December 31 immediately preceding the March 31 end of the Reporting Period) and the numerator for each of the categories is the total issuer audit client fees as determined by the fee amounts disclosed to the Commission by each such issued audit client for such client's fiscal year that ended during the Reporting Period (and for clients that have not yet made such disclosure, the amount that will be disclosed by such clients). <p><i>Practically, the first alternative will require the Firm to implement a separate tracking system for the Reporting Period, while the second alternative will require the Firm to confirm with each issuer audit client the fees that such issuer audit client has reported or will report for such issuer audit client's fiscal year. In addition, a Firm needs to pay careful attention to the definitions contained in the PCAOB Rules of each of the four categories of fees to make sure that the Firm's internal reporting systems track the fees and services correctly. While the PCAOB believes its definitions and the Commission's definitions of these categories are equivalent, the Commission uses different labels for such services, and accordingly, a Firm, relying on the second alternative, must be clear with its client as to how each is defining the respective categories.</i></p> <p><i>It is also important to refer to the definition of issuer, one type of which is an issuer who has a registration statement filed though not yet effective. Fees billed to such client are reportable by the Firm, but that client may not yet have disclosed such fees in its filings since it has not yet filed a periodic report under the Exchange Act.</i></p> <p><i>It is also important to note that Form 2 requires a report of billings, rather than revenues received by the Firm.</i></p>

Item #	Description	Instructions and Comments
Information About the Firm's Audit Clients and Audit Reports		
4.1	<p>For each issuer for which the firm issued an audit report during the period, the issuer's name, the issuer's CIK number and the date of the audit report</p> <p>Consents do not need to be included unless the consent is the only instance during the Reporting Period for which the Firm acts for such issuer audit client during the Reporting Period</p>	<p>The definition of "audit report" is limited by PCAOB Rules to a document or record prepared following an audit prepared for purposes of compliance with the requirements of the securities laws, and in which the Firm sets forth its opinion regarding a financial statement, document or record or asserts that no such opinion can be asserted; <i>accordingly, this disclosure does not pertain to reports prepared for entities that are not reporting companies under the Exchange Act.</i></p> <ul style="list-style-type: none"> ■ an issuer should not be listed more than once, but if there were multiple audit reports, the date of each such audit report should be included. ■ the date to be reported is the date of the Firm's actual report, not the date on which the issuer files its own report with the Commission (<i>refer to AU 530, Dating of the Independent Auditor's Report</i>).
	<p>The range of the total number of Firm personnel who had the authority to sign an audit report during the reporting period</p>	<p>If the range of such personnel is between 1 and 9, the Firm must provide the exact number of personnel who had such authority.</p> <p>Attention must be paid to the definition of "issuer" in the PCAOB rules; investment companies may be issuers and employee benefit plans that file reports on SEC Form 11-K are issuers.</p>
4.2	<p>If the Firm did not issue an audit report but played a significant role in the preparation or furnishing of an audit report, the Firm must disclose the name and CIK number of each issuer, the registered firm that issued the audit report, the end date of the fiscal period covered by the audit report, and a description of the substantial role played by the Firm</p>	<p>If the Firm identifies any issuer in response to Item 4.1, the Firm need not respond to Item 4.2.</p>
Information About the Firm's Offices, Affiliations and Personnel		
5.1	<p>Physical address, and mailing address, if different, of each office of the Firm</p>	<p>Disclosure is made as of the last day of the Reporting Period.</p>
5.2	<p>the following memberships or affiliations:</p> <ul style="list-style-type: none"> ■ any membership or affiliation with any network, alliance, arrangement, partnership or association that licenses or authorizes audit procedures, audit manuals, or the use of a name in connection with the provision of audit services or accounting services; ■ any membership or affiliation with any network, alliance, arrangement, partnership or association that markets or sells audit services or through which joint audits are conducted; ■ an arrangement, by contract or otherwise, with another entity through or from which the firm employs or leases personnel to perform audit services. 	<p>Disclosure must include the name and address of each entity with which the Firm has a disclosed relationship, and it must provide a brief description of such relationship.</p> <p>To the extent that any disclosure of a membership or affiliation is made, the Firm must identify, by name and address, the entity with which the Firm has such relationship and must describe the nature of such relationship. This disclosure pertains only to the network, partnership or association itself and not to every other member of such network, partnership or association.</p> <p><i>The rules originally proposed by the PCAOB included the following language: "or with which the Firm engages in an alternative practice structure". While the Rules as adopted do not include such language, the intent is that firms practicing in an alternative practice structure to describe such structure.</i></p>

Appendix A—Form 2 Annual Report

Item #	Description	Instructions and Comments
<i>Information About the Firm's Personnel</i>		
6.1	<ul style="list-style-type: none"> ■ total number of Firm's accountants ■ total number of the Firm's certified public accountants (including in this number accountants employed by the Firm with comparable licenses from non-U.S. jurisdictions) ■ total number of Firm personnel 	<p>Disclosure is made as of the last day of the Reporting Period.</p> <p><i>"Comparable licenses" is interpreted to mean that such accountants are licensed by the jurisdiction in which they render services and by virtue of such licenses, are certified to perform the functions of a public accountant.</i></p>
<i>Information About Certain Relationships and Acquisitions</i>		
7.1	<p>Whether the Firm has any employee, partner, shareholder, principal, member or owner, who was the subject of a disciplinary sanction by the PCAOB or a Commission order entered within the five years preceding the end of the Reporting Period, and who has provided at least ten hours of audit services to any issuer during the Reporting Period:</p> <ul style="list-style-type: none"> ■ the name of each individual, and the relationship to the Firm; ■ the date the individual became associated with the Firm; ■ the date of the relevant order and whether it was issued by the PCAOB or the Commission. 	<p>Disclose such relationships if they exist as of the last day of the Reporting Period.</p> <p>Disclosure is not required if the relationship is required to be reported under Item 4.1 of Form 3 and only if the Firm has not previously identified the individual and the sanction or Commission order on Form 1, Form 2 or Form 3.</p> <p><i>If the person does not meet the 10-hour threshold in one Reporting Period, it does not mean that the Firm does not have to report the relationship if the threshold is satisfied in a subsequent reporting period if that subsequent reporting period is within the five-year window. However, once disclosed, a relationship only has to be reported one time and does not need to be reported in subsequent reporting periods.</i></p>
7.2	<p>Whether the Firm was owned or partly owned by an entity that was the subject of a disciplinary sanction by the PCAOB entered within the five years suspending or revoking that entity's registration or disapproving that entity's application for registration, or a Commission order entered within the five years preceding the end of the Reporting Period, suspending or denying the privilege of appearing or practicing before the Commission, and in each case, which has not been vacated on appeal:</p> <ul style="list-style-type: none"> ■ the name of each entity, and the relationship to the Firm; ■ the date the Firm entered into the relationship; ■ the date of the relevant order and whether it was issued by the PCAOB or the Commission. 	<p>Disclose such relationships if they exist as of the last day of the Reporting Period.</p> <p>Disclosure is not required if the relationship is required to be reported under Item 4.2 of Form 3, and only if the Firm has not previously reported the information on Form 1, Form 2 or Form 3.</p> <p><i>The disclosure is limited to services related to the Firm's audit practice or services the Firm provides to issuer audit clients.</i></p>

<u>Item #</u>	<u>Description</u>	<u>Instructions and Comments</u>
7.3	<p>Whether the Firm received or entered into a contract or other arrangement to receive from any individual or entity meeting the criteria of Items 7.1.a or 7.2.a, consulting or other professional services related to the Firm's audit practice or related to services the Firm provides to issuer audit clients:</p> <ul style="list-style-type: none"> ■ the name of each individual or entity, and the relationship to the Firm; ■ the date the Firm entered into the relationship; ■ a description of the services to be provided to the Firm by such individual or entity; ■ the date of the relevant order and whether it was issued by the PCAOB or the Commission. 	<p>Disclose such relationships if services were received or contracted for in the Reporting Period.</p> <p>Disclosure is not required if the relationship is required to be reported in Item 4.3 of Form 3.</p>
Information About Acquisitions		
8.1	<p>Whether the Firm:</p> <ul style="list-style-type: none"> ■ acquired a public accounting firm; ■ took on as employees, partners, shareholders, principals, members or owners, 75% or more of the persons who, at the beginning of the Reporting Period, were the partners, shareholders, principals, members or owners of another public accounting firm, and if so, disclose the name of the other public accounting firm and the number of such other firm's partners, shareholders, principals, members or owners who joined the Firm. 	<p><i>For Firms registered with the PCAOB prior to the effectiveness of the reporting Rules, such Firms do not have to report acquisitions since the date of their original registration with the PCAOB.</i></p>

Appendix B

Initial Special Report On Form 3

Item #	Description	Instructions and Comments
2.4 thru 2.9	<ul style="list-style-type: none"> ■ The Firm has become a defendant in a criminal proceeding prosecuted by a governmental criminal law enforcement authority ■ In a matter arising out of conduct in the course of providing audit services or other accounting services to an issuer, a partner, shareholder, owner, member or audit manager of the Firm has become a defendant in a criminal proceeding prosecuted by a governmental criminal law enforcement authority ■ A partner, shareholder, principal, owner, member or audit manager of the Firm who has provided at least 10 hours of audit services for any issuer during the Firm's current fiscal year or its most recently completed fiscal year has become a defendant in a criminal proceeding prosecuted by a governmental criminal law enforcement authority and is charged with fraud, embezzlement, forgery, extortion, bribery, obstruction of justice, perjury or false statements, or charged with any crime arising out of alleged conduct relating to accounting, auditing, securities, banking, commodities, taxation, consumer protection or insurance ■ In a matter arising out of the Firm's conduct in the course of providing professional services for a client, the Firm has become a defendant or respondent in a civil or alternative dispute resolution proceeding initiated by a governmental entity or in an administrative or disciplinary proceeding other than a PCAOB disciplinary proceeding ■ In a matter arising out of conduct in the course of providing audit services or other accounting services to an issuer, a partner, shareholder, owner, member or audit manager of the Firm has become a defendant or respondent in a civil proceeding or alternative dispute resolution proceeding initiated by a governmental entity or in an administrative or disciplinary proceeding other than a PCAOB disciplinary proceeding ■ In a matter arising out of conduct in the course of providing professional services for a client, a partner, shareholder, owner, member or audit manager of the Firm who has provided at least 10 hours of audit services for any issuer during the Firm's current fiscal year or its most recently completed fiscal year has become a defendant or respondent in a civil proceeding or alternative dispute resolution proceeding initiated by a governmental entity or in an administrative or disciplinary proceeding other than a PCAOB disciplinary proceeding. 	<p>Disclose if the Firm has become aware of any of the items listed. "Awareness" occurs when any partner, shareholder, principal, owner or member of the Firm first becomes aware of the facts underlying such event.</p> <p>Disclose if the proceeding is pending as of December 31, 2009 and if the defendants or respondents as of that date include either the Firm or a partner, shareholder, principal, owner, member or audit manager of the Firm as of that date.</p> <p><i>Note that this disclosure extends down to "audit managers" and is limited to all such identified persons who have provided at least 10 hours of audit services for any issuer. The term "audit manager" is not defined by the PCAOB Rules, so each firm will have to make the determination as to identification of audit managers.</i></p> <p><i>Note that this disclosure pertains to all professional services for any client and is not limited to audit services for issuer audit clients.</i></p> <p><i>Note that this disclosure extends down to "audit managers" and is limited to all such identified persons who have provided at least 10 hours of audit services for any issuer, even though the proceeding relates to any professional services for any client.</i></p>

<u>Item #</u>	<u>Description</u>	<u>Instructions and Comments</u>
4.1	<p>For any of the disclosures in Items 2.4 through 2.9, provide the following information:</p> <ul style="list-style-type: none"> ■ the name, filing date and case or docket number of proceeding, and the nature of the proceeding; ■ the name of the court, tribunal or body before which the proceeding was filed; ■ an indication of whether the Firm itself is a defendant or respondent and if so, the statutes, rules or legal duties the Firm is alleged to have violated, and a brief description of the Firm's conduct; ■ the names of every defendant or respondent who is a partner, shareholder, principal, owner, member or audit manager of the Firm, or who was such either at the time the Firm received notice of the proceeding or at the time of the alleged conduct on which any claim is based, <u>and</u> who provided at least 10 hours of audit services for any issuer during the Firm's current fiscal year or its most recently completed fiscal year; include a description of the statutes, rules or legal duties such individual is alleged to have violated, and a brief description of the individual's conduct; ■ the name of any client that was the recipient of professional services to which any claim or proceeding relates. 	<p><i>"Nature of proceeding" means whether it is a criminal, civil or alternate dispute resolution proceeding or an administrative or disciplinary proceeding.</i></p> <p><i>Administrative or disciplinary proceedings include those of the Commission, any Federal, state or non-U.S. agency, board or administrative or licensing authority, and any professional association or body.</i></p> <p><i>Investigations that have not yet resulted in a commencement of a formal proceeding do not have to be disclosed at this time.</i></p>
2.10; (4.2)	<p>Conclusion of any of the above-referenced proceedings, whether by dismissal, acceptance of pleas, through consents or settlement agreements, the entry of a final judgment or otherwise:</p> <ul style="list-style-type: none"> ■ the name, filing date and case or docket number of proceeding, and the nature of the proceeding; ■ the name of the court, tribunal or body before which the proceeding was filed; ■ a brief description of the terms of conclusion of such proceeding. 	<p>Disclose if (1) the conclusion of a proceeding as to any party occurred after the date of information used in the Firm's Form 1 initial application and prior to December 31, 2009, <u>and</u> (2) the proceeding resulted in any conviction of, judgment against, imposition of any liability or sanction on or a Commission Rule 102(e) order against the Firm or any person who is a partner, shareholder, principal, owner, member or audit manager of the Firm as of December 31, 2009.</p>
2.11	<p>The Firm or the parent or any subsidiary of the Firm has become the subject of a bankruptcy petition (whether within or outside the U.S.) or a proceeding in which a person or entity has assumed jurisdiction over the entity's assets or business.</p>	<p>Disclose if the Firm is the subject of a petition or proceeding described therein as of December 31, 2009.</p>

Appendix B—Initial Special Report

Item #	Description	Instructions and Comments
2.12 thru 2.14; Part V	<p>The Firm has taken on an employee, partner, shareholder, principal or member, or has otherwise become owned or partly owned by a person who is currently the subject of (a) a PCAOB disciplinary sanction suspending or barring the person from being an associated person of a registered public accounting firm or (b) a Commission order under Rule 102(e) suspending or denying the privilege of appearing or practicing before the Commission:</p> <ul style="list-style-type: none"> ■ the name of each individual or entity and the relationship to the Firm; ■ the date the individual became associated with the Firm or the date the entity acquired the ownership interest. 	Disclose if (1) the relationship commenced after the date of information used in the Firm's Form 1 initial application and prior to December 31, 2009, <u>and</u> (2) the specified disciplinary sanction or Commission Rule 102(e) order continued to be in effect as of December 31, 2009, <u>and</u> (3) the specified relationship continues to exist as of December 31, 2009.
2.15; (6.1)	The Firm has become aware that its authorization to engage in the business of auditing or accounting in a particular jurisdiction has ceased to be effective or has become subject to conditions or contingencies other than conditions or contingencies imposed on all Firms engaged in auditing or accounting in that jurisdiction.	Disclose if (1) the loss of authorization relates to a jurisdiction or authority identified in Item 1.7 of the Firm's Form 1, and (2) as of December 31, 2009, the Firm continues to lack the specified authorization in that jurisdiction.
2.16	The Firm has obtained a license or certification authorizing it to engage in the business of auditing or accounting that has not been identified on any Form 1 or Form 3 previously filed by the Firm, or if there has been a change in the license or certification number previously filed on Form 1 or Form 3.	Disclose if the license or certification is in effect as of December 31, 2009. <i>Firm must disclose all new Firm licenses obtained since the date of its original registration with the PCAOB.</i>
2.17 and 2.18	Disclose any changes in the Firm's legal name, business mailing address, business telephone number, business facsimile number or business e-mail of the person most recently designated by the Firm as the Firm's primary contact with the PCAOB, or if the Firm is designating a new contact person.	<i>If the Firm's contact person set forth on the Firm's initial registration on Form 1 has changed, then the Initial Special Report must be filed for at least that reason.</i>

Appendix C**Form 3 – Special Report**

<u>Item #.</u>	<u>Description</u>	<u>Instructions and Comments</u>
<i>Reason for Filing the Report</i>		
	More than one event may be reported on Form 3.	<i>For each triggering event indicated, Form 3 directs the Firm to additional disclosure required by other parts of Form 3. Responses are required only for the individual triggering events identified in Form 3.</i>
<u>Audit Reports</u>		
2.1 (3.1; Part VIII)	The Firm has withdrawn an audit report on financial statements or withdrawn its consent to the use of its name.	
2.2 (Part VIII)	The Firm has issued audit reports with respect to more than 100 issuers in a calendar year immediately following a calendar year in which the Firm did not issue audit reports with respect to more than 100 issuers.	<i>Exceeding 100 audit reports in a calendar year places the Firm into a different inspection category.</i>
2.3 (Part VIII)	The Firm has issued audit reports with respect to fewer than 100 issuers in a calendar year immediately following a calendar year in which the Firm issued audit reports with respect to more than 100 issuers.	<i>Falling below 100 audit reports in a calendar year places the Firm into a different inspection category.</i>
<u>Certain Legal Proceedings</u>		
2.4 thru 2.9 (4.1 and Part VIII)	<ul style="list-style-type: none"> ■ The Firm has become a defendant in a criminal proceeding prosecuted by a governmental criminal law enforcement authority. ■ In a matter arising out of conduct in the course of providing audit services or other accounting services to an issuer, a partner, shareholder, owner, member or audit manager of the Firm has become a defendant in a criminal proceeding prosecuted by a governmental criminal law enforcement authority. ■ A partner, shareholder, principal, owner, member or audit manager of the Firm who has provided at least 10 hours of audit services for any issuer during the Firm's current fiscal year or its most recently completed fiscal year has become a defendant in a criminal proceeding prosecuted by a governmental criminal law enforcement authority and is charged with fraud, embezzlement, forgery, extortion, bribery, obstruction of justice, perjury or false statements, or charged with any crime arising out of alleged conduct relating to accounting, auditing, securities, banking, commodities, taxation, consumer protection or insurance. 	<p>Disclose if the Firm has become aware of any of the items listed. "Awareness" occurs when any partner, shareholder, principal, owner or member of the Firm first becomes aware of the facts underlying such event.</p> <p><i>Note that this disclosure extends down to "audit managers" and is limited to all such identified persons who have provided at least 10 hours of audit services for any issuer.</i></p>

<u>Item #.</u>	<u>Description</u>	<u>Instructions and Comments</u>
	<ul style="list-style-type: none"> ■ In a matter arising out of the Firm's conduct in the course of providing professional services for a client, the Firm has become a defendant or respondent in a civil or alternative dispute resolution proceeding initiated by a governmental entity or in an administrative or disciplinary proceeding other than a PCAOB disciplinary proceeding. ■ In a matter arising out of conduct in the course of providing audit services or other accounting services to an issuer, a partner, shareholder, owner, member or audit manager of the Firm has become a defendant or respondent in a civil proceeding or alternative dispute resolution proceeding initiated by a governmental entity or in an administrative or disciplinary proceeding other than a PCAOB disciplinary proceeding. ■ In a matter arising out of conduct in the course of providing professional services for a client, a partner, shareholder, owner, member or audit manager of the Firm who has provided at least 10 hours of audit services for any issuer during the Firm's current fiscal year or its most recently completed fiscal year has become a defendant or respondent in a civil proceeding or alternative dispute resolution proceeding initiated by a governmental entity or in an administrative or disciplinary proceeding other than a PCAOB disciplinary proceeding. 	<p><i>Note that this disclosure pertains to all professional services for any client and is not limited to audit services for issuer audit clients.</i></p> <p><i>Note that this disclosure extends down to "audit managers" and is limited to all such identified persons who have provided at least 10 hours of audit services for any issuer, even though the proceeding relates to any professional services for any client.</i></p>
2.10 (4.2 and Part VIII)	<p>The conclusion of any of the above-referenced proceedings whether by dismissal, acceptance of pleas, through consents or settlement agreements, the entry of a final judgment or otherwise:</p> <ul style="list-style-type: none"> ■ the name, filing date and case or docket number of proceeding, and the nature of the proceeding; ■ the name of the court, tribunal or body before which the proceeding was filed; ■ a brief description of the terms of conclusion of such proceeding. 	
2.11 (4.3 and Part VIII)	<p>The Firm or the parent or any subsidiary of the Firm has become the subject of a bankruptcy petition (whether within or outside the U.S.) or a proceeding in which a person or entity has assumed jurisdiction over the entity's assets or business.</p>	

Appendix C—Form 3 Special Report

Item #	Description	Instructions and Comments
<u>Certain Relationships</u>		
2.12 thru 2.14; (5.1, 5.2, 5.3 and Part VIII)	<p>The Firm has taken on an employee, partner, shareholder, principal or member, or has otherwise become owned or partly owned by a person or entity who is currently the subject of (a) a PCAOB disciplinary sanction suspending or barring the person from being an associated person of a registered public accounting firm or (b) a Commission order under Rule 102(e) suspending or denying the privilege of appearing or practicing before the Commission:</p> <ul style="list-style-type: none"> ■ the name of each individual, and the relationship to the Firm; ■ the date the individual became associated with the Firm. 	
<u>Licenses and Certifications</u>		
2.15; (6.1 and Part VIII)	The Firm has become aware that its authorization to engage in the business of auditing or accounting in a particular jurisdiction has ceased to be effective or has become subject to conditions or contingencies other than conditions or contingencies imposed on all firms engaged in auditing or accounting in that jurisdiction.	<i>Firm must disclose loss of a Firm license as it occurs, and cannot wait until the next Form 2 to report the loss of a license.</i>
2.16 (6.2 and Part VIII)	The Firm has obtained a license or certification authorizing it to engage in the business of auditing or accounting that has not been identified on any Form 1 or Form 3 previously filed by the Firm, or if there has been a change in the license or certification number previously filed on Form 1 or Form 3.	<i>Firm must disclose new Firm licenses as it obtains them and cannot wait until the next Form 2 to report the new license.</i>
<u>Changes in the Firm or the Firm's Contact Person</u>		
2.17 and 2.18 (7.1; 7.2 and Part VIII)	Changes in the Firm's legal name, business mailing address, business telephone number, business facsimile number or business e-mail of the person most recently designated by the Firm as the Firm's primary contact with the PCAOB, or if the Firm is designating a new contact person.	<i>Disclose this change in address information or contact person if the information is different from that reported in the Form 1, Form 2, or Form 3 most recently filed with the PCAOB.</i>
2.19	Amendment to Form 3	Check box 2.19 to show that the Form 3 is an amendment <u>and</u> check the box of each of the Items of Form 3 that are being amended.

Item #	Description	Instructions and Comments
Withdrawn Audit Reports		
3.1	<p>If the Firm has withdrawn an audit report or withdrawn its consent to the use of its name in a report, document or written communication containing an issuer's financial statements, or the issuer has failed to comply with its reporting requirement under Form 8-K, provide the issuer's name and CIK number, the date of the audit report or consent being withdrawn, and a description of the reason for the withdrawal.</p>	<p>The 30-day period for the Firm to report on Form 3 does not begin to run until the issuer fails to report on Form 8-K within the time required by SEC rules. If the issuer reports late on Form 8-K (i.e., after the 8-K reporting deadline but before the 30-day deadline for the filing of the Form 3), then the Firm does not have to make its report on Form 3.</p>
Certain Proceedings		
4.1	<p>For any of the disclosures in Items 2.4 through 2.9, the following information:</p> <ul style="list-style-type: none"> ■ the name, filing date and case or docket number of the proceeding, and the nature of the proceeding; ■ the name of the court, tribunal or body before which the proceeding was filed; ■ an indication of whether the Firm itself is a defendant or respondent and, if so, the statutes, rules or legal duties the Firm is alleged to have violated, and a brief description of the Firm's conduct; ■ the names of every defendant or respondent who is a partner, shareholder, principal, owner, member or audit manager of the Firm or who was such either at the time the Firm received notice of the proceeding or at the time of the alleged conduct on which any claim is based, <u>and</u> who provided at least 10 hours of audit services for any issuer during the Firm's current fiscal year or its most recently completed fiscal year; include a description of the statutes, rules or legal duties such individual is alleged to have violated, and a brief description of the individual's conduct; ■ the name of any client that was the recipient of professional services to which any claim or proceeding relates. 	<p><i>"Nature of proceeding" means whether it is a criminal, civil or alternate dispute resolution proceeding or an administrative or disciplinary proceeding.</i></p> <p><i>Administrative or disciplinary proceedings include those of the Commission, any Federal, state or non-U.S. agency, board or administrative or licensing authority, and any professional association or body.</i></p> <p><i>Investigations that have not yet resulted in a commencement of a formal proceeding do not have to be disclosed at this time.</i></p>
4.2	<p>For any proceeding described in Items 2.4 through 2.9 (including proceedings described in Item 4.1) that has been concluded as to the Firm or a partner, shareholder, principal, owner, member or audit manager of the Firm, disclose:</p> <ul style="list-style-type: none"> ■ the name, filing date and case or docket number of the proceeding, and the nature of the proceeding; ■ the name of the court, tribunal or body before which the proceeding was filed; ■ a brief description of the terms of conclusion of such proceeding. 	<p><i>If the proceedings are terminated with respect to some, but not all, of the defendants or respondents, a triggering event has occurred and the Form 3 must be filed.</i></p>

Appendix C—Form 3 Special Report

<u>Item #</u>	<u>Description</u>	<u>Instructions and Comments</u>
<i>Certain Relationships</i>		
5.1	<p>The Firm has taken on an employee, partner, shareholder, principal or member, or has otherwise become owned or partly owned by a person who is currently the subject of (a) a PCAOB disciplinary sanction suspending or barring the person from being an associated person of a registered public accounting firm or (b) a Commission order under Rule 102(e) suspending or denying the privilege of appearing or practicing before the Commission:</p> <ul style="list-style-type: none"> ■ the name of each individual, and the relationship to the Firm; ■ the date the individual became associated with the Firm. 	
5.2	<p>The Firm has become owned or partly owned by an entity that is currently the subject of (a) a PCAOB disciplinary sanction suspending or revoking that entity's registration or disapproving the application for registration, or (b) a Commission order under Rule 102(e) suspending or denying the privilege of appearing or practicing before the Commission:</p> <ul style="list-style-type: none"> ■ the name of the entity that has obtained an ownership interest in the Firm, and the nature of the ownership interest; ■ the date on which the ownership interest was obtained. 	
5.3	<p>The Firm has entered into a contract or other arrangement to receive, from any individual or entity meeting the criteria of Items 2.12 or 2.13, consulting or other professional services:</p> <ul style="list-style-type: none"> ■ the name of each individual or entity; ■ the date the Firm entered into the contract or arrangement; ■ a description of the services to be provided to the Firm by such individual or entity. 	
<i>Licenses and Certifications</i>		
6.1	<p>If the Firm's authorization to engage in the business of auditing or accounting in a particular jurisdiction has ceased to be effective or has become subject to conditions or contingencies other than conditions or contingencies imposed on all firms engaged in auditing or accounting in that jurisdiction:</p> <ul style="list-style-type: none"> ■ the name of the state, agency or board or other authority that issued the license or certification related to such authorization; ■ the number of the license or authorization; ■ the date the license or authorization ceased to be effective; ■ a brief description of the reasons for such action. 	

<u>Item #</u>	<u>Description</u>	<u>Instructions and Comments</u>
6.2	<p>If the Firm has obtained any license or certification authorizing it to engage in the business of auditing or accounting in a particular jurisdiction that has not been identified on Form 1 or Form 3 previously filed, or if there has been a change in any license or certification number identified on a Form 1 or Form 3 previously filed:</p> <ul style="list-style-type: none"> ■ the name of the state, agency or board or other authority that issued the license or certification related to such authorization; ■ the number of the license or authorization; ■ the date the license or authorization became effective; ■ if the license or certification replaces a previously issued license or certification, the number of the license or certification replaced. 	<p><i>Note that if there is a change in the license number for any reason, including one imposed by the issuing jurisdiction, a triggering event has occurred and a Form 3 must be filed.</i></p>
<i>Changes in the Firm or the Firm's Board Contact Person</i>		
7.1	<p>The Firm has changed its legal name:</p> <ul style="list-style-type: none"> ■ new legal name; ■ previous legal name; ■ effective date of name change; ■ brief description of reasons for change; ■ check box to affirm that other than the name change, the Firm is the same legal entity it was before the name change. 	<p>If the Firm is not the same legal entity, whether because it has changed its form of organization or because of other transactions, it is not the same entity and does not automatically succeed to the registration status of the predecessor firm. If the Firm cannot check the box, then the Firm cannot complete the certification in Part VIII, and the Firm cannot use Form 3 to report the change.</p>
7.2	Change in Contact Information	<p>If there is a change in the contact address for the Firm or the Firm's contact person for the PCAOB, based on the Firm's most recently filed Form 1, Form 2 or Form 3, then a triggering event has occurred.</p>
<i>Certification of the Firm</i>		
8.1	<p>The signer must be authorized to sign for the Firm and must certify that the Form 3 does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading, and</p> <p>Either:</p> <ul style="list-style-type: none"> ■ the Firm has not failed to include any information required by the Form 3, or ■ the Firm is a foreign registered public accounting firm and has not failed to include any information required by the Form 3 except for such information that the Firm asserts it cannot provide without violating non-U.S. law, and with respect to such omitted information, the Firm has in its possession the omitted information, and the Firm has indicated which information it has omitted from the Form. 	<p>The Firm must submit a typed signature in electronic form and must retain a manually signed copy of the Form 3.</p>

Appendix D**Definitions In PCAOB Rule 1001**

Audit Report	A document or other record—(1) prepared following an audit performed for purposes of compliance by an issuer with the requirements of the securities laws; and (2) in which a public accounting firm either (i) sets forth the opinion of that firm regarding a financial statement, report or other document; or (ii) asserts that no such opinion can be expressed.
Audit Services	Professional services rendered for the audit of an issuer's financial statements, and (if applicable) for the reviews of an issuer's financial statements included in the issuer's quarterly reports or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years.
Disciplinary Proceeding	A proceeding initiated by an order instituting proceedings, held for the purpose of determining whether or not a registered public accounting firm, or any person associated with a registered public accounting firm, has engaged in any act or practice, or omitted to act, in violation of the Act [Sarbanes-Oxley], the Rules of the Board [PCAOB], the provisions of the securities laws relating to the preparation and issuance of audit reports and the obligations and liabilities of accountants with respect thereto, including the rules of the Commission [SEC] issued under the Act, or professional standards; or has failed reasonably to supervise an associated person in connection with any such violation by that person; or has failed to cooperate with the Board in connection with an investigation; and whether to impose a sanction pursuant to Rule 5300 [of the PCAOB Rules].
Issuer	An issuer (as defined in the Exchange Act [Securities Exchange Act of 1934, as amended]), the securities of which are registered under Section 12 of that Act [Exchange Act], or that is required to file reports under Section 15(d) of that Act, or that files or has filed a registration statement that has not yet become effective under the Securities Act of 1933, and that it has not withdrawn.
Non-Audit Services	All other services, other than audit services, other accounting services and tax services.
Other Accounting Services	Assurance and related services that are reasonably related to the performance of the audit or review of the issuer's financial statements, other than audit services.
Play a Substantial Role in the Preparation or Furnishing of an Audit Report	(1) to perform material services that a public accounting firm uses or relies on in issuing all or part of its audit report with respect to any issuer, or (2) to perform the majority of the audit procedures with respect to a subsidiary or component of any issuer the assets or revenues of which constitute 20% or more of the consolidated assets or revenues of such issuer necessary for the principal accountant to issue an audit report on the issuer. Notes: for (1), material services means 20% or more of the total engagement hours provided by the principal account in connection with the audit report, and for (2) 20% or more of the consolidated assets or revenues should be made at the beginning of the issuer's fiscal year using prior year information and should only be made once during such fiscal year.
Public Accounting Firm	A proprietorship, partnership, incorporated association, corporation, limited liability company, limited liability partnership or other legal entity that is engaged in the practice of public accounting or preparing or issuing audit reports.
Tax Services	Professional services rendered for tax compliance, tax advice and tax planning.

Appendix E**Preparing for Reporting**

<u>Task</u>	<u>Rationale</u>
PCAOB User ID and Password	The firm has most likely not used the user ID and password since its original registration filing. All filings must be filed electronically on the PCAOB website.
Review original registration on Form 1	Identify original disclosures that need updating, paying special attention to the items required for the Initial Special Report.
Review the firm's internal annual questionnaires for audit personnel	Annual questionnaires should be revised to elicit responses necessary to answer items calling for disclosure about audit reports, litigation and new personnel.
Review forms of employment questionnaires for new audit personnel, and modify to obtain disclosures required by Forms 2 and 3	Disciplinary history of new audit personnel is required to be disclosed to the PCAOB on a Form 3, and in the case of new hires, that will mean within 30 days of the new hires.
Implement tracking systems for audit reports and consents, including dates of issuance and issuer's CIK numbers, for reports issued between April 1 of one year and March 31 of the following year	Form 2 requires disclosure of audit reports for each issuer in a Reporting Period.
Implement tracking systems for engagements in which the firm did not issue an audit report but played a substantial role in the audit	Form 2 requires disclosure of these engagements, including the name of the registered accounting firm that issued the actual audit report.
Modify billing system to track four categories of fees for each issuer audit client: audit services, other accounting services, tax services and non-audit services	Form 2 requires disclosure of these categories of fees for each issuer audit client.
Create due diligence questions for persons or entities providing consulting or other professional services related to the firm's audit practice	Disciplinary histories of consultants to the firm are required to be disclosed.
Create method for educating partners, members and professional staff as to the level of information that must be reported internally on a timely basis	Triggering events under Form 3 occur when a partner, member, principal, owner or shareholder of the firm first becomes aware of the facts underlying the event. All audit personnel need to be educated about the definitions of triggering events and the necessity for reporting facts underlying a triggering event to the compliance department promptly.

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Accountants Professional Services Group

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- implementation of measures for reducing professional liability exposure and addressing professional liability insurance issues;
- representation of accountants in disciplinary and enforcement proceedings brought by the SEC, PCAOB, state licensing authorities and professional accounting associations;
- organization and structuring of accounting firms and the acquisition of accounting practices; and
- compliance with Sarbanes-Oxley and other securities laws requirements, PCAOB rules and regulations, state laws and regulations and professional codes of ethics.

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Vedder Price P.C. is a national, business-oriented law firm with 250 attorneys in Chicago, New York and Washington, D.C. The attorneys in the firm's Accountants Professional Services Group focus on the sophisticated advice necessary for accountants and accounting firms to preserve, develop and enhance their accounting practices.

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