

AMENDMENT TO H.R. 4173
OFFERED BY MR. KANJORSKI OF PENNSYLVANIA
AND MR. GARRETT OF NEW JERSEY

Page 1211 strike line 24 through page 1212, line 21, and insert the following:

1 (e) INSPECTIONS BY REGISTERED ACCOUNTING
2 FIRMS.—Subsection (a) of Section 104 of such Act is
3 amended—

4 (1) by striking “(a) IN GENERAL.—The Board
5 shall” and inserting the following “(a) IN GEN-
6 ERAL— “(1) The Board shall”; and

7 (2) by adding at the end of such subsection the
8 following:

9 “(2) INSPECTIONS OF AUDIT REPORT FOR BRO-
10 KERS AND DEALERS.—

11 “(A) The Board may, by rule, conduct and
12 require a program of inspection in accordance
13 with paragraph (a)(1), on a basis to be deter-
14 mined by the Board, of registered public ac-
15 counting firms that provide one or more audit
16 reports for a broker or dealer. The Board, in
17 establishing such a program, may allow for dif-

1 ferentiation among classes of brokers and deal-
2 ers, as appropriate.

3 “(B) If the Board determines to establish
4 a program of inspection pursuant to subpara-
5 graph (A), the Board shall consider in estab-
6 lishing any inspection schedules whether dif-
7 fering schedules would be appropriate with re-
8 spect to registered public accounting firms that
9 issue audit reports only for one or more brokers
10 or dealers that do not receive, handle, or hold
11 customer securities or cash or are not a mem-
12 ber of the Securities Investor Protection Cor-
13 poration.

14 “(C) Any rules of the Board pursuant to
15 this paragraph shall be subject to prior ap-
16 proval by the Commission pursuant to section
17 107(b) before the rules become effective, includ-
18 ing an opportunity for public notice and com-
19 ment.

20 “(D) Notwithstanding anything to the con-
21 trary in section 102 of this Act, a public ac-
22 counting firm shall not be required to register
23 with the Board if the public accounting firm is
24 exempt from the inspection program which may

1 be established by the Board under subpara-
2 graph (a)(2)(A) of this section.

3 “(3) CONFORMING AMENDMENT.—Section 17
4 (e)(1)(A) of the Securities Exchange Act of 1934
5 (15 U.S.C. 78q(e) (1) (A)) is amended by striking
6 ‘registered public accounting firm’ and inserting
7 ‘independent public accounting firm or by a reg-
8 istered public accounting firm if registration is re-
9 quired under the Sarbanes-Oxley Act of 2002 as
10 amended.’”.

