

**[DISCUSSION DRAFT]**

118TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

To require auditor independence standards of the Public Company Accounting Oversight Board and the Securities and Exchange Commission applicable to past audits of a company occurring before it was a public company to treat an auditor as independent if the auditor meets established professional standards, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

Mr. MCHENRY introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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**A BILL**

To require auditor independence standards of the Public Company Accounting Oversight Board and the Securities and Exchange Commission applicable to past audits of a company occurring before it was a public company to treat an auditor as independent if the auditor meets established professional standards, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. AUDITOR INDEPENDENCE FOR CERTAIN PAST**  
2 **AUDITS OCCURRING BEFORE AN ISSUER IS A**  
3 **PUBLIC COMPANY.**

4 (a) AUDITOR INDEPENDENCE STANDARDS OF THE  
5 PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD.—  
6 Section 103 of the Sarbanes-Oxley Act of 2002 (15 U.S.C.  
7 7213) is amended by adding at the end the following:

8 “(e) AUDITOR INDEPENDENCE FOR CERTAIN PAST  
9 AUDITS OCCURRING BEFORE AN ISSUER IS A PUBLIC  
10 COMPANY.—With respect to an issuer that is a public  
11 company or an issuer that has filed a registration state-  
12 ment to become a public company, the auditor independ-  
13 ence rules established by the Board with respect to audits  
14 occurring before the last fiscal year of the issuer completed  
15 before the issuer filed a registration statement to become  
16 a public company shall treat an auditor as independent  
17 if—

18 “(1) the auditor is independent under standards  
19 established by the American Institute of Certified  
20 Public Accountants applicable to certified public ac-  
21 countants in United States; or

22 “(2) with respect to a foreign issuer, the audi-  
23 tor is independent under comparable standards ap-  
24 plicable to certified public accountants in the issuer’s  
25 home country.”.

1 (b) AUDITOR INDEPENDENCE STANDARDS OF THE  
2 SECURITIES AND EXCHANGE COMMISSION.—Section 10A  
3 of the Securities Exchange Act of 1934 (15 U.S.C. 78j–  
4 1) is amended by adding at the end the following:

5 “(n) AUDITOR INDEPENDENCE FOR CERTAIN PAST  
6 AUDITS OCCURRING BEFORE AN ISSUER IS A PUBLIC  
7 COMPANY.—With respect to an issuer that is a public  
8 company or an issuer that has filed a registration state-  
9 ment to become a public company, the auditor independ-  
10 ence rules established by the Commission under the securi-  
11 ties laws with respect to audits occurring before the last  
12 fiscal year of the issuer completed before the issuer filed  
13 a registration statement to become a public company shall  
14 treat an auditor as independent if—

15 “(1) the auditor is independent under standards  
16 established by the American Institute of Certified  
17 Public Accountants applicable to certified public ac-  
18 countants in United States; or

19 “(2) with respect to a foreign issuer, the audi-  
20 tor is independent under comparable standards ap-  
21 plicable to certified public accountants in the issuer’s  
22 home country.”.