

Public Statement

Statement on Appointment of New PCAOB Board Members

Chairman Jay Clayton

Dec. 12, 2017

As was announced earlier today, the Commission has appointed a full slate of five new members, including a new Chairman, to the Public Company Accounting Oversight Board (“PCAOB”). I am gratified that the Commission has taken action on this important matter. As I stated in August when we began the search process for new PCAOB Board members, the PCAOB has been instrumental in improving the quality and reliability of public company audits for the protection of investors. Audited financial statements are at the heart of the SEC’s disclosure-based regulatory regime: a company’s financial statements provide investors with a wealth of material information, but the independent audit gives investors confidence that those statements can be trusted. The PCAOB is thus a critical part of the oversight of our local, national, and international capital markets.

The Sarbanes-Oxley Act of 2002, which created the PCAOB, sets forth general criteria for Board members, including that two members be Certified Public Accountants. The statute, however, does not further dictate the mix of skills and perspectives that would best advance the PCAOB’s mission. Private sector boards of directors spend significant time determining who to nominate: what personal and professional qualifications new members would bring, and how those diverse skills and perspectives, along with a commitment to work for consensus, would contribute to the overall functioning and effectiveness of the board. Our objective was to bring a similar approach to the selection of the PCAOB Board.

I believe that the Board members announced today reflect that objective and will bring diversity of perspectives and collaborative decision making to the governance of the PCAOB. The new Board’s collective experience spans the phases of the financial reporting process, and also includes: senior positions in the executive and legislative branches of government, government investigations, military service, SEC investor advisory committee service, board member service, experience in teaching and writing about corporate and securities laws matters, experience in engaging with investors, demonstrated leadership on cybersecurity and fintech matters, and experience with preparing financial disclosures for both large and smaller reporting companies. A PCAOB Board that brings such a wide variety of perspectives to bear through consensus-based decision-making should be able to move forward on effectiveness of standard-setting, robustness in oversight of the audit profession, and global leadership in audit regulation.

I want to thank the current Board members for all the work that they have done to advance the PCAOB’s important mission. Chairman Jim Doty and Board members Steve Harris, Lew Ferguson, and Jeanette Franzel carried out their many important responsibilities with the interests of American investors firmly in mind, and have significantly advanced the Board’s mission during their tenures. I am excited for the new Board to build on this strong foundation so that the PCAOB’s next fifteen years can be as successful as its first fifteen. I expect the transition to the new Board will occur beginning in January 2018.

The SEC and the PCAOB often work hand in hand on matters important to our marketplace. We intend to actively engage with the new Board as it analyzes, defines, and pursues the PCAOB’s priorities and objectives for the coming years. I also expect the PCAOB will examine the mix of advisory and other committees that help inform its activities. In this regard, I have recommended that the PCAOB consider having a dedicated investor representative within the organization.

Related Materials

- [Press Release](#)