

Statement

Statement on PCAOB's Determinations Regarding Public Accounting Firms in China and Hong Kong



Commissioner Jaime Lizárraga

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The Public Company Accounting Oversight Board's (PCAOB) successful inspection and investigation of PCAOB-registered public accounting firms in China and Hong Kong is a positive development, but routine compliance with our laws shouldn't be newsworthy. It is concerning that it took more than 15 years and an act of Congress to secure full compliance with the most fundamental accountability requirements of the Sarbanes-Oxley Act.

Public companies based in China and Hong Kong that seek access to U.S. capital markets must abide by the same accountability standards as all other issuers.

The Holding Foreign Companies Accountable Act of 2020 (HFCAA) remains in place, and compliance with its requirements for one year is no guarantee of future success.

As required by law, a failure to provide PCAOB inspectors with continued and complete access in any future year will simply restart the three-year clock to mandatory delisting.

Shortening this period to two-years, as Congress is currently considering, would foster future compliance and strengthen the Commission's ability to fulfill its mission of maintaining fair, orderly and efficient markets.