U.S. Chamber of Commerce

1615 H Street, NW
Washington, DC 20062-2000
uschamber.com

March 15, 2024

Ms. Phoebe W. Brown
Secretary
Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington, D.C. 20006-2803

Re: *Amendments to PCAOB Auditing Standards Related to a Company's Noncompliance with Laws and Regulations* (PCAOB Release No. 2023-003, June 6, 2023; PCAOB Rulemaking Docket Matter No. 051)

Dear Ms. Brown:

The U.S. Chamber of Commerce ("Chamber") appreciates this opportunity to provide additional comments on the Public Company Accounting Oversight Board ("PCAOB" or "Board") Exposure Draft on proposed *Amendments to PCAOB Auditing Standards Related to a Company's Noncompliance with Laws and Regulations* (the "NOCLAR Proposal"). This correspondence supplements our letter to the Board dated August 2, 2023, and emphasize the need for thorough, objective economic analysis in PCAOB standard setting.

Over the past year, the Board has embarked on an ambitious standard-setting project, proposing new audit standards on a wide range of topics that will impact vast portions of the economy, not just in the United States, but anywhere firms under the Board's oversight conduct audits under PCAOB auditing standards. Though the scope of this undertaking is colossal, the Chamber is concerned that the quality of the Board's economic analysis in support of the myriad proposed standards has frequently fallen short. These shortcomings are particularly acute in the case of the NOCLAR Proposal.

We begin this letter by summarizing the standards for economic analysis that the Board has publicized on the PCAOB website for nearly a decade. Next, in the second part of this letter we discuss the statutory standards the Board and U.S. Securities and Exchange Commission ("SEC" or "Commission") are required to satisfy when adopting new PCAOB audit standards. Third, we briefly survey some of the recent case law where courts have remanded SEC actions back to the SEC or vacated them entirely for various substantive and procedural deficiencies, particularly the failure to conduct a comprehensive and objective economic analysis. In the final part of the letter, we highlight the Supreme Court's recent jurisprudence under the major questions doctrine and the Court's reticence when regulators seek to impose substantial costs on the economy without clear Congressional authorization. In proposing the NOCLAR standards, the Board has not satisfied its obligations to conduct the requisite economic analysis.

1. High-quality economic analysis should animate all PCAOB standard-setting projects.

According to the Office of Management and Budget ("OMB"), a "high quality regulatory analysis is designed to inform policymakers, other government stakeholders, and the public about the effects of alternative actions."[1] When conducting this analysis, OMB makes clear that "sound quantitative estimates of benefits and costs, where feasible, are preferable to qualitative descriptions . . . ."[2] A comprehensive cost-benefit analysis should consider, inter alia, impacts on the private sector, government administrative costs and savings, and impacts on consumers and producers.[3] Further, OMB is adamant that cost-benefit analysis should be both "transparent and consistent."[4]

Likewise, the Securities and Exchange Commission ("SEC") has "long recognized that a rule's potential benefits and costs should be considered in making a reasoned determination that adopting a rule is in the public interest," such that "high-quality economic analysis is an essential part of SEC rulemaking."[5] Economic analysis "ensures that decisions to propose and adopt rules are informed by the best available information."[6] Further, it "allows the Commission to meaningfully compare the proposed action with reasonable alternatives, including the alternative of not adopting a rule."[7] Similarly, FINRA has adopted a framework for economic analysis to inform the public and other stakeholders as they assess and comment on rule proposals.[8]

Building on the important work of the OMB, SEC and FINRA, two separate PCAOB chairmen have directed the PCAOB staff to publish the agency's own guidance on economic analysis in standard setting. The PCAOB has published two separate staff reports on economic analysis, one issued in 2014 under Chairman Doty (the "2014 Guidance)[9] and one in

---

[1] Office of Management and Budget, *Circular No. A-4: Regulatory Analysis* (Nov. 9, 2023) at 2, *available at* https://www.whitehouse.gov/wp-content/uploads/2023/11/CircularA-4.pdf.

[2] *Id.* at 44.

[3] *Id.* at 52.

[4] *Id.* at 27.

[5] Division of Economic and Risk Assessment (formerly Risk, Strategy and Financial Innovation) and Office of General Counsel, Securities and Exchange Commission, *Memorandum to Staff of the Rulewriting Divisions and Offices Re Current Guidance on Economic Analysis in SEC Rulemakings* (Mar. 16, 2012) at 1, available at https://www.sec.gov/divisions/riskfin/rsfi_guidance_econ_analy_secrulemaking.pdf.

[6] *Id.*

[7] *Id.*

[8] Financial Industry Regulatory Authority, Framework Regarding FINRA's Approach to Economic Impact Assessment for Proposed Rulemaking (Sept. 2013) at 2, *available at* https://www.finra.org/sites/default/files/Economic Impact Assessment_0_0.pdf.

[9] *Staff Guidance on Economic Analysis in PCAOB Standard-Setting* (Feb. 14, 2014), *available at* https://pcaobus.org/oversight/standards/economic-analysis/05152014_guidance.

2020 under Chairman Duhnke (the "2020 Guidance").[10] Both the 2014 Guidance and the 2020 Guidance lay out similar tenets for conducting robust economic analysis. Collectively, this PCAOB guidance describes a process by which the staff must (1) describe the need for the standard or rule, (2) develop the baseline and measure rule impacts, (3) consider reasonable alternatives, and (4) analyze the economic impacts of the standard and any alternatives.[11]

The 2020 Guidance lays the groundwork for the PCAOB by establishing that when "setting standards, we follow an evidence-based approach which includes economic analysis."[12] This approach, the 2020 Guidance continues, "is responsive to the financial reporting and auditing environments, carefully weighs costs, benefits, and potential unintended consequences, and contemplates our mission to protect investors."[13]

Importantly, the 2014 Guidance is clear that "economic analysis can and should inform each stage of the Board's standard-setting process." Further, the 2014 Guidance provides, "In a proposing release, the economic analysis should provide sufficient context and framing so that questions posed to the public will elicit useful feedback that can contribute to the economic analysis for the adopting release."[14] The 2014 Guidance is clear that the PCAOB's "release should also provide the public with an opportunity to review and comment on any research and empirical evidence used to design the proposed standard and/or evaluate its likely economic consequences."[15]

According to the 2014 Guidance, "economic analysis should be framed neutrally, be internally consistent, and evaluate costs and benefits even-handedly and candidly, without unsupported, self-serving statements or opportunistic or selective use of evidence or studies."[16] Furthermore, "limitations in any empirical data or academic studies cited in the release should be acknowledged, and data or studies that support a contrary view, if any,

---

[10] *Spotlight: The PCAOB's Use of Economic Analysis and Stakeholder Input in Standard Setting*, (Nov. 2020), *available at* https://assets.pcaobus.org/pcaob-dev/docs/default-source/documents/pcaob-use-economic-analysis-stakeholder-spotlight.pdf?sfvrsn=9cb7e4d0_2.

[11] The 2014 Guidance provides additional color, and concludes that at the adopting stage:

> the economic analysis should further refine and clarify the economic discussion of the proposed standard. The adopting release should contain a complete economic analysis of the final standard, including appropriate information and, when appropriate, a recommendation to the SEC regarding the applicability of the new standard to audits of EGCs. The economic analysis should also address relevant comments received on the proposed standard. Economic aspects of the adopting release should be drafted by the Board's economists or in close collaboration with them.

[12] 2020 Guidance at 2.
[13] *Id.*
[14] 2014 Guidance.
[15] *Id.*
[16] *Id.*

should be referenced."[17] Moreover, the 2014 Guidance makes certain that "where data or studies conflict, the Board's reasons for crediting some but not others should be explained."[18]

The Chamber is concerned that recent PCAOB standard-setting projects have fallen short of these requirements for conducting robust economic analysis. On several recent PCAOB proposals the Chamber has pointed out various deficiencies in the Board's economic analysis as part of the comment process. Specifically, with respect to the NOCLAR Proposal, the Chamber observed[19] that the Board neither provided nor analyzed any quantitative data whatsoever. Instead, the proposal surveyed certain academic and other literature at a high-level, and posited a limited set of qualitative impacts that failed to consider the full range of significant macroeconomic impacts associated with the proposal, were the proposed standards to be enacted. The proposal did not consider the full range of impacts on clients of audit firms, nor did it give fair consideration to the impact on companies contemplating initial public offerings. The NOCLAR Proposal gave no consideration whatsoever to its impact on the attorney-client privilege.

In fact, were the NOCLAR Proposal to be adopted, the Chamber's economic analysis found an increase in audit fees alone of $36.4 billion over a baseline of $18.2 billion for total cost of $54.6 billion—an astounding amount. And this finding only focuses on the increase on audit fees that would be borne by companies audited under PCAOB standards. It does not consider other indirect costs or macroeconomic impacts. [20]

The Chamber also commissioned Professors Craig Lewis and Joshua White to evaluate the robustness of the economic analysis that accompanies the NOCLAR Proposal.[21] According to Professors Lewis and White, the proposal does not meet the Board's own stated criteria for conducting economic analyses in support of standard-setting. For example, although the

---

[17] *Id.*

[18] *Id.*

[19] Chamber Comment Letter, PCAOB Docket No. 051 (Aug. 2, 2023), *available at* https://assets.pcaobus.org/pcaob-dev/docs/default-source/rulemaking/docket-051/22_chamber.pdf?sfvrsn=a67832d5_4.

[20] The Board's exposure draft on Amendments to Rule 3502, *Governing Contributory Liability*, fares no better. After underscoring the complete lack of statutory authority for the Board to enact changes of the kind contemplated under the proposal, the Chamber's comment letter again identified serious shortcomings in the proposal's economic analysis. In particular, we noted that the proposal was short on quantitative data and statistical analysis, and instead ruminated over certain high-level impacts that failed to account for the full range of impacts on the economy if the standard were to be enacted. Nor did the Board's proposal weigh these costs against the "modest benefits" of the proposal. Chamber Comment Letter, PCAOB Docket No. 053 (Nov. 7, 2023), *available at* https://assets.pcaobus.org/pcaob-dev/docs/default-source/rulemaking/053/26_u.s.chamber.pdf?sfvrsn=fcd1af41_4.

[21] Professor Lewis previously served as the SEC's chief economist, and Professor White previously served as an SEC financial economist. The Lewis and White Report is hereby incorporated by reference.

NOCLAR Proposal acknowledges that compliance costs will significantly rise, it fails to quantify these costs or provide empirical data to support such extensive modifications.

Professors Lewis and White found that the proposal lacks any substantive attempt to estimate the expenses associated with the proposed amendments or to establish basic details to establish an economic baseline, such as current audit or attorney fees. The professors emphasized that it is imperative to assess the expansion of auditor scope, roles, and costs thoroughly and quantitatively. Lewis and White observed that the proposal's economic analysis also fails to consider potential spillover effects of the NOCLAR Proposal, including impacts on competition among smaller audit firms and disproportionate impacts on smaller issuers. Finally, the professors express concern that raising the cost of going public could limit the access of public capital to issuers and force them to stay private longer, thereby reducing retail investors' access to investment opportunities.

Failure to conduct a robust cost-benefit analysis does a significant disservice to the Board's many stakeholders. This group includes not just the audit firms the Board regulates, but also the companies they audit, the investors who build retirement savings through investing in corporate securities, and the consumers who buy goods and services from these issuers. Audit standards are not costless, and the Board itself has recognized it can overshoot the mark, as it noted when amending its standards on internal controls over financial report: "Costs have been greater than expected and, at times, the related effort has appeared greater than necessary to conduct an effective audit of internal control over financial reporting."[22] The lack of a comprehensive economic analysis also opens to challenge any final audit standards adopted through a deficient process.

### 2. Every SEC order approving a PCAOB rule must undertake statutory cost-benefit analysis.

Under Section 103 of the Sarbanes-Oxley Act, the Board may adopt professional practice standards "as required by this Act or the rules of the Commission, or as may be necessary or appropriate in the public interest or for the protection of investors." After the Board adopts a standard, Section 107(b)(2) of the Sarbanes-Oxley Act requires that it then must be approved by the SEC in order to take legal effect.[23] In evaluating a Board rule, Section 107(b)(4) of the Sarbanes-Oxley Act in turn directs the SEC to follow the process under Section 19(b) of the Securities Exchange Act.

---

[22] PCAOB Release 2007-005, *Auditing Standard No. 5 – An Audit of Internal Control Over Financial Reporting That Is Integrated With An Audit of Financial Statements and Related Independence Rule and Conforming Amendments*, at 2 (May 24, 2007), *available at* https://assets.pcaobus.org/pcaob-dev/docs/default-source/rulemaking/docket_021/2007-05-24_release_no_2007-005.pdf?sfvrsn=76768b1_0.

[23] *See also Free Enterprise Fund v. PCAOB*, 561 U.S. 477, 486 (2010) ("The Act places the Board under the SEC's oversight, particularly with respect to the issuance of rules").

In the case of a PCAOB rulemaking, the SEC must consider the standard according to Section 107(b)(3) of the Sarbanes-Oxley Act and may approve it "if it finds that the rule is consistent with the requirements of [the Sarbanes-Oxley] Act and the securities laws, or is necessary or appropriate in the public interest or for the protection of investors."[24] In addition, Section 103(a)(3)(C) of the Sarbanes-Oxley Act, added under the Jumpstart Our Business Startups Act of 2012 (JOBS Act), provides that in order for new standard to apply to audits of emerging growth companies (EGCs), the Commission must determine "that the application of such additional requirements is necessary or appropriate in the public interest, after considering the protection of investors and whether the action will promote efficiency, competition, and capital formation."

The use of the term "public interest" binds the Board's process under the Sarbanes-Oxley Act and the Commission's process under Section 19(b). Section 3(f) of the Securities Exchange Act is clear that whenever the SEC "is required to consider or determine whether an action is necessary or appropriate in the public interest, the Commission shall also consider, in addition to the protection of investors, whether the action will promote efficiency, competition, and capital formation."[25] As we explain further below, this statutory language is the basis for the SEC's requirement to conduct economic analysis. Therefore, because the Sarbanes-Oxley Act includes the same "public interest" standard as the Securities Exchange Act, the SEC's decision to approve a rule or standard proposed by the PCAOB is subject to statutory cost-benefit analysis.[26]

The "public interest" standard tightly constrains the abilities of both the PCAOB to adopt audit standards and the SEC to approve them. Under the Administrative Procedure Act, a court must "set aside" agency actions found to be "in excess of statutory jurisdiction, authority, or limitations," or that is "arbitrary, capricious, . . . or otherwise not in accordance with law."[27] Once the SEC has approved a PCAOB rule, aggrieved parties may initiate a judicial challenge.[28]

Courts reviewing SEC action must be sure the agency has "examined the relevant data and articulated a satisfactory explanation for its action including a rational connection between the facts found and the choices made."[29] The SEC also has a "statutory obligation to

---

[24] 15 U.S.C. § 7217(b)(3).

[25] *Id.* § 78c(f).

[26] For these reasons, we believe the statement in the 2014 Guidance that the Board "undertakes economic analysis not to comply with any specific statutory mandate" is in error. *See also Free Enterprise Fund*, 561 U.S. at 486 (PCAOB agreed that "the Board is 'part of the Government for constitutional purposes . . . and that its members are 'Officers of the United States' who 'exercise significant authority pursuant to the laws of the United States'").

[27] 5 U.S.C. § 706(2).

[28] *Free Enterprise Fund*, 561 U.S. at 489.

[29] *Business Roundtable and Chamber of Commerce v. SEC*, 647 F.3d 1144, 1148 (*citing Motor Vehicle Mfrs. Ass'n of U.S., Inc. v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43 (1983)).

determine as best it can the economic implications of the rule."[30] The SEC's "failure to 'apprise itself — and hence the public and the Congress — of the economic consequences of a proposed regulation'" renders the SEC action arbitrary and capricious.[31]

In light of the foregoing, the SEC has a "statutory obligation to determine as best it can the economic implications of the rule it has proposed."[32] The SEC must "quantify the certain costs" or explain why those costs cannot be calculated.[33] As part of its cost-benefit analysis, the SEC "must identify benefits that 'bear a rational relationship to the . . . costs imposed.'"[34] In doing so, the SEC may not ignore data it does not want to consider.[35] Courts will vacate an SEC rule that relies "upon insufficient empirical data".[36]

While the PCAOB focuses primarily on impacts to the audit industry and their clients when it prepares economic analysis in connection with its standard-setting efforts, this approach is too narrow and does not cohere with the SEC's statutory standard to consider efficiency, competition and capital formation. Beyond imposing costs on corporate issuers, these issuers in turn may pass those costs on to their customers. To offset costs, issuers may look to their vendors for concessions, such that others in the supply chain are also impacted. Smaller firms often must bear these costs disproportionately because they lack the economies of scales of larger companies. Increased audit costs often discourage private companies from entering the public markets. The JOBS Act's addition of Section 103(a)(3)(C) to the Sarbanes-Oxley Act is a clear instruction from Congress to mitigate against these impacts on emerging growth companies.

### 3. Courts regularly scrutinize the quality of SEC cost-benefit analysis.

The Board's failure to conduct comprehensive economic analysis jeopardizes its standards at the SEC approval stage. Specifically, the failure to conduct an adequate economic analysis has repeatedly led to the vacatur of SEC rules. For example, the federal Court of Appeals for the District of Columbia Circuit in 2005 vacated an SEC rule under the Investment Company Act because the SEC did not give due consideration to the "public interest" standard and failed "adequately to consider the costs imposed" under the rule.[37] In 2009, the D.C. Circuit found that the SEC's rule governing equity-indexed annuities "failed properly to consider the effect of the rule upon efficiency, competition and capital formation,"[38] and vacated the rule. In 2011, the D.C. Circuit again vacated an SEC rule, finding

---

[30] *Id.* at 1148 (*citing Chamber of Commerce v. SEC*, 412 F.3d 133, 143 (D.C. Cir. 2005)).
[31] *Id.* (*citing Chamber of Commerce*, 412 F.3d at 144.
[32] *Chamber of Commerce*, 412 F.3d at 143.
[33] *See Business Roundtable*, 647 F.3d at 1149.
[34] *Chamber of Commerce v. SEC*, 85 F.4th 760, 777 (5th Cir. 2023) (*citing Pub. Citizen v. EPA*, 343 F.3d 449, 455 (5th Cir. 2003)).
[35] *Id.* at 776.
[36] *See Business Roundtable*, 647 F.3d at 1150-51.
[37] *Chamber of Commerce*, 412 F.3d. at 144.
[38] *Am. Equity Inv. Life. Ins. Co. v. SEC*, 613 F.3d 166, 179 (D.C. Cir. 2010).

that the agency's "proxy access" rulemaking "inconsistently and opportunistically framed the costs and benefits of the rule; failed adequately to quantify the certain costs or to explain why those costs could not be quantified; neglected to support its predictive judgments; contradicted itself; and failed to respond to substantial problems raised by commenters."[39] Just recently, the Fifth Circuit vacated the SEC's share repurchase disclosure rules because the "SEC failed adequately to substantiate the rule's benefits and costs."[40] The Supreme Court recently considered two related cases questioning the ongoing applicability of the *Chevron* doctrine, and the Court's forthcoming ruling in those cases may serve to further limit future SEC action.[41]

Additionally, two successful challenges to recent SEC actions under Section 19(b) of the Securities Exchange Act further highlight the difficulty the SEC would face in approving a PCAOB order absent objective economic analysis. In *Bloomberg L.P. v SEC*,[42] Bloomberg successfully challenged the adoption of a FINRA rule regarding reporting data in the corporate bond market because the SEC failed to "give a reasoned explanation in response to Bloomberg's significant concerns about the costs that FINRA, as well as market participants will incur . . . ."[43] As part of the public comment process, Bloomberg raised several issues about the direct and indirect costs of FINRA's proposed rules, "but the SEC brushed them aside."[44] In particular, the SEC did not respond to Bloomberg's concerns about the financial impact of the proposal not only on FINRA, but also on other market participants.[45] The D.C. Circuit found that the SEC's approach was "not reasoned decisionmaking" rendering its actions arbitrary and capricious.[46] Thus, the court remanded the order back to the SEC for further analysis about how the costs of building and maintaining the new services will impact market participants.[47]

Another recent D.C. Circuit case, *Greyscale Investments, LLC v. SEC*,[48] led to the outright vacatur of an SEC order under Section 19(b). Greyscale, which sought to market an exchange-traded product that invested solely in Bitcoin, challenged the SEC's order denying its application. But while the SEC denied Greyscale's application for a spot Bitcoin ETP, it granted permission to other applicants who offered Bitcoin futures ETPs. Greyscale presented "uncontested evidence" of a 99.9% correlation between prices in the Bitcoin spot market and prices for Bitcoin futures.[49] Yet the SEC offered no compelling reason for the disparate

---

[39] *Business Roundtable*, 647 F.3d at 1148-49.

[40] *Chamber of Commerce*, 85 F.4th at 777.

[41] *Loper Bright Enters. v. Raimondo*, No. 22-451 (Supreme Court argued Jan. 17, 2024); *Relentless, Inc. v. Dep't of Commerce*, No. 22-1219 (Supreme Court argued Jan. 17, 2024).

[42] *Bloomberg L.P. v. SEC*, 45 F.4th 462 (D.C. Cir. 2022).

[43] *Id.* at 466.

[44] *Id.* at 476.

[45] *Id.* at 477.

[46] *Id.*

[47] *Id.* at 478.

[48] *Greyscale*, 82 F.4th 1239 (D.C. Cir. 2023).

[49] *Id.* at 1246.

treatment between the two types of products, and could not adequately explain the "logical and mathematical" connection between the spot and futures markets, which the court found to be arbitrary and capricious.[50] The court also took issue with the SEC's analysis of pricing in the Bitcoin markets, finding that the SEC "failed to sufficiently explain [its] conclusion in light of the record."[51] The D.C. Circuit therefore vacated the SEC's order, and several weeks later the SEC reversed course to grant approval to Grayscale and several other similar Bitcoin spot ETP applications.[52]

In contrast to SEC adopting releases for new SEC rules, which regularly run hundreds of pages, SEC orders approving PCAOB rules are generally terse. These orders typically include a basic summary of the proposal, provide a brief summary of any public comments, then recite the statutory grounds for approval. Seldom do these orders include anything other than a cursory economic analysis, if one is included at all. We are hopeful that any future agency actions to approve PCAOB standards carefully weigh all relevant costs against any potential benefits, informed by the statutory standards and the rich body of caselaw.

**4. The "major questions" doctrine serves as an additional limit on PCAOB action.**

The major questions doctrine prevents "the Executive" from "seizing the power of the Legislature."[53] Under this doctrine, if an agency seeks to "make major policy decisions", it "must point to 'clear congressional authorization'" for the power it claims.[54] Courts "presume that 'Congress intends to make major policy decisions itself, not leave those decisions to agencies.'"[55] Furthermore, the Supreme Court will "typically greet assets of extravagant statutory authority over the national economy with skepticism."[56]

Thus, under the major questions doctrine, the Supreme Court has declined to uphold the EPA's claim of "unheralded" regulatory power over "a significant portion of the American economy."[57] The Supreme Court also rejected the EPA's assertion of authority that would have imposed "billions of dollars in compliance costs."[58] The Court likewise held that OSHA's vaccine mandate required clear Congressional authorization because it would impose "billions of dollars in unrecoverable compliance costs."[59] And the Court determined that "Congress

---

[50] *Id.* at 1249.
[51] *Id.* at 1251.
[52] SEC Release No. 34-99306, *Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, to List and Trade Bitcoin-Based Commodity-Based Trust Shares and Trust Unit*s (Jan. 10, 2024), available at https://www.sec.gov/files/rules/sro/nysearca/2024/34-99306.pdf.
[53] *Biden v. Nebraska*, 600 U.S. ___, 503, 143 S.Ct. 2355 (2023).
[54] *West Virginia v EPA*, 597 U.S. 697, 723 (2022).
[55] *Id.* at 723.
[56] *Id.* at 724 (*citing Utility Air Reg. Grp. v EPA*, 573 U.S. 302, 324 (2014)).
[57] *Utility Air Reg. Grp.*, 573 U.S. at 324.
[58] *West Virginia*, 597 U.S. at 714.
[59] *Nat. Federation of Indep. Bus. v. OSHA*, 595 U.S. 109, 120 (2022).

speak clearly before a Department Secretary can unilaterally alter large sections of the American economy."[60]

As these cases make clear, there is a distinct outer limit to the PCAOB's ability to set audit standards, particularly insofar as costs of new standards run into the billions of dollars. The NOCLAR Proposal has the potential to impact vast swaths of the American (and global) economy, all without any clear direction from Congress to tack in such a direction. And with compliance costs in excess of $50 billion, we believe the courts will be skeptical of any standards enacted under the NOCLAR Proposal.

* * * * *

In closing, we hope these comments serve to clarify the economic considerations the Board must take into account when adopting any new standard. This letter, together with our August 2 comments, underscores the deep flaws in the NOCLAR Proposal. Its immense costs in particular are difficult to square with the statutory cost-benefit analysis that is required, and which the Board has not yet undertaken. For these reasons, the Chamber respectfully repeats its request that the PCAOB withdraw the proposal.

Thank you for your attention to these comments, and we continue to stand ready to discuss these matters further with the Board or staff.

Sincerely,

Tom Quaadman
Executive Vice President
Center for Capital Markets Competitiveness
U.S. Chamber of Commerce

Cc: Hon. Gary Gensler, Chair, U.S. Securities and Exchange Commission
Hon. Hester Peirce, Commissioner
Hon. Caroline Crenshaw, Commissioner
Hon. Mark Uyeda, Commissioner
Hon. Jaime Lizárraga, Commissioner

[60] *Biden*, 600 U.S. at 143.