

SEC Reporting & Compliance Alert

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SEC Approves New Model for Auditor Reports

On October 23, 2017, the U.S. Securities and Exchange Commission (SEC) approved the Public Company Accounting Oversight Board's (PCAOB) proposed new model for auditor reports. As we covered in our alert when the PCAOB adopted the changes ([available here](#)), the new model will require that auditors disclose, among other things, "critical audit matters" (now currently referred to as "CAMs") from the current period audit and the auditor's tenure with the company in their auditor reports. Such changes are intended to provide more useful information to investors and to more closely align the PCAOB's rules with those of international standard-setters.

The SEC approved the PCAOB's proposed three-year phase-in of the new rules. As a result, all provisions of the new rules, other than those related to CAMs, will apply to audits for fiscal years ending on or after December 15, 2017. The provisions related to CAMs will become effective as follows:

- for large accelerated filers: to audits for fiscal years ending on or after June 30, 2019.
- for all other nonexempted filers: to audits for fiscal years ending on or after December 15, 2020.

A copy of the SEC's release approving the rules is [available here](#), and a copy of SEC Chairman Jay Clayton's statement on the new rules is [available here](#).

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