

Providing the information on the notice is mandatory in order to withdraw from registration with the Commission as a bank municipal securities dealer. The information contained in the notice will not be confidential. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

General comments regarding the above information should be directed to the following persons: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, by sending an e-mail to: David_Rostker@omb.eop.gov and (ii) R. Corey Booth, Director/Chief Information Officer, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Comments must be submitted to OMB within 30 days of this notice.

August 23, 2004.

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Upon Written Request, Copies Available
From: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549

Extension:

Rule 15Ba2-1 and Form MSD; SEC File No. 270-0088; OMB Control No. 3235-0083

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget a request for extension of the previously approved collection of information discussed below.

Rule 15Ba2-1 under the Securities Exchange Act of 1934 ("Exchange Act") provides that an application for registration with the Commission by a bank municipal securities dealer must be filed on Form MSD. The Commission uses the information contained in Form MSD to determine whether bank municipal securities dealers meet the standards for registration set forth in the Exchange Act, to develop a central registry where members of the public

may obtain information about particular bank municipal securities dealers, and to develop statistical information about bank municipal securities dealers.

Based upon past submissions, the staff estimates that approximately 32 respondents will utilize this application procedure annually, with a total burden of 48 hours. The staff estimates that the average number of hours necessary to comply with the requirements of Rule 15Ba2-1 is 1.5 hours. The average cost per hour is approximately \$67. Therefore, the total cost of compliance for the respondents is approximately \$3,216.

Rule 15Ba2-1 does not contain an explicit recordkeeping requirement, but the rule does require the prompt correction of any information on Form MSD that becomes inaccurate, meaning that bank municipal securities dealers need to maintain a current copy of Form MSD indefinitely.

Providing the information on the application is mandatory in order to register with the Commission as a bank municipal securities dealer. The information contained in the application will not be kept confidential. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

General comments regarding the estimated burden hours should be directed to the following persons: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, by sending an e-mail to: David_Rostker@omb.eop.gov; and (ii) R. Corey Booth, Director/Chief Information Officer, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Comments must be submitted to OMB within 30 days of this notice.

August 23, 2004.

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. E4-1969 Filed 8-27-04; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-50253; File No. PCAOB-2004-05]

Public Company Accounting Oversight Board; Order Approving Proposed Auditing Standard No. 3, *Audit Documentation*, and an Amendment to Interim Auditing Standards—AU sec. 543, *Part of Audit Performed by Other Independent Auditors*

August 25, 2004.

I. Introduction

On June 18, 2004, the Public Company Accounting Oversight Board (the "Board" or the "PCAOB") filed with the Commission proposed Auditing Standard No. 3, *Audit Documentation* ("Auditing Standard No. 3"), pursuant to the Sarbanes-Oxley Act of 2002 (the "Act")¹ and Section 19(b) of the Securities Exchange Act of 1934 (the "Exchange Act"). Auditing Standard No. 3 would establish general requirements for documentation the auditors should prepare and retain in connection with engagements conducted pursuant to the standards of the PCAOB. Also, in connection with proposed Auditing Standard No. 3, the Board proposed an amendment to paragraph 12 of AU sec. 543, addressing appropriate audit documentation when a principal auditor decides not to make reference to the work of other auditors that have performed part of the audit work. AU sec. 543 is one of the interim auditing standards adopted by the PCAOB in April 2003.² Notice of proposed Auditing Standard No. 3 and proposed amendment to AU sec. 543 (collectively referred to as the "Proposed Standard") was published in the *Federal Register* on July 20, 2004,³ and the Commission received eight comment letters. For the reasons discussed below, the Commission is granting approval of the Proposed Standard.

II. Description

The Act establishes the PCAOB to oversee the audits of public companies and related matters, to protect investors, and to further the public interest in the preparation of informative, accurate and independent audit reports.⁴ Section

¹ Sections 101, 103 and 107 of the Act.

² The Commission approved the PCAOB's adoption of the interim standards in Release No. 34-47745, Order Regarding Section 103(a)(3)(B) of the Sarbanes-Oxley Act of 2002 (April 25, 2003).

³ Release No. 34-50012 (July 14, 2004); 69 FR 43468 (July 20, 2004).

⁴ Section 101(a) of the Act.

103(a) of the Act directs the PCAOB to establish auditing and related attestation standards, quality control standards, and ethics standards to be used by registered public accounting firms in the preparation and issuance of audit reports as required by the Act or the rules of the Commission.

Section 103(a)(2)(A)(i) of the Act expressly directs the Board to establish auditing standards that require registered public accounting firms to prepare and maintain, for at least seven years, audit documentation "in sufficient detail to support the conclusions reached" in the auditor's report.⁵ The Board's proposed Auditing Standard No. 3 establishes general requirements for documentation the auditor should prepare and retain in connection with engagements conducted pursuant to the standards of the PCAOB. Such engagements include an audit of financial statements, an audit of internal control over financial reporting, and a review of interim financial information. Proposed Auditing Standard No. 3 requires that auditors document procedures performed, evidence obtained, and conclusions reached. In addition, audit firms must retain audit documentation for seven years from the date the auditor grants permission to use the auditor's report in connection with the issuance of the company's financial statements ("report release date"). This standard states that, if approved by the Commission, it would be effective for audits of financial statements with fiscal years ending on or after the later of November 15, 2004 or 30 days after the date of approval of the standard by the Commission.

The Board's proposed amendment to AU sec. 543 imposes unconditional responsibility on the principal auditor to obtain certain audit documentation from another auditor (who, though not named in the audit report, has performed part of the audit work used by the principal auditor) prior to the audit report release date. In addition, the amendment provides that the principal auditor should consider

performing one or more of the procedures listed in the amendment to paragraph 12 of AU sec. 543, such as discussing the audit procedures and related results with the other auditor and reviewing the audit programs of the other auditor.

III. Discussion

The Commission's comment period on the Proposed Standard ended on August 10, 2004, with the Commission receiving eight comment letters. The comment letters came from five registered public accounting firms and three professional associations.

In general, commenters expressed appreciation for changes made by the PCAOB to its initially proposed standard. Four commenters expressed concern with the proposed effective date and recommend the final standard be effective for periods *beginning* on or after November 15, 2004. As currently proposed, the effective date of the Proposed Standard would apply to audits of financial statements with fiscal years *ending* on or after the later of November 15, 2004 or 30 days after the date of approval of the standard by the Commission (emphasis added). These commenters noted that most audits of 2004 financial statements (as well as audits of internal control over financial reporting for accelerated filers) ending on or after November 15, 2004 will have commenced prior to the proposed effective date. Specifically, they believe it is not practical to require retroactive application of the Proposed Standard to audits in process at the effective date, particularly on audits of large, multi-national corporations.

One commenter expressed concern with the proposed requirements that the office issuing the report must obtain certain audit documentation prepared by other auditors. This commenter maintained that certain documentation requirements could present conflicts with privacy laws in certain foreign jurisdictions. This commenter also expressed concern with the potential interpretation regarding the presentation of oral evidence and recommended that oral evidence be sufficient to explain both other written evidence and, where appropriate, matters for which there is no written evidence.

The PCAOB gave careful consideration to the issues raised by commenters in the course of revising the Proposed Standard prior to its adoption by the Board. In particular, the PCAOB considered concerns regarding the proposed effective date. The PCAOB concluded that the implementation date of the Proposed Standard should not be delayed beyond the year 2004 and

should coincide with the documentation requirements set forth in PCAOB Auditing Standard No. 2, *An Audit of Internal Control Over Financial Reporting Performed in Conjunction With an Audit of Financial Statements*.

IV. Conclusion

On the basis of the foregoing, the Commission finds that proposed Auditing Standard No. 3 and the proposed amendment to AU sec. 543 are consistent with the requirements of the Act and the securities laws and are necessary and appropriate in the public interest and for the protection of investors.

It is therefore ordered, pursuant to Section 107 of the Act and Section 19(b)(2) of the Exchange Act, that proposed Auditing Standard No. 3, *Audit Documentation*, and proposed Amendment to Interim Auditing Standards—AU sec. 543, *Part of Audit Performed by Other Independent Auditors*, (File No. PCAOB-2004-05) be and are hereby approved.

By the Commission.

Jill M. Peterson,

Assistant Secretary.

[FR Doc. E4-1970 Filed 8-27-04; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 35-27885]

Filings Under the Public Utility Holding Company Act of 1935, as Amended ("Act")

August 24, 2004.

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated under the Act. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendment(s) is/are available for public inspection through the Commission's Branch of Public Reference.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by September 20, 2004, to the Secretary, Securities and Exchange Commission, Washington, DC 20549-0609, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in the case of an attorney at

⁵ Section 802 of the Act also directs the Commission to adopt rules requiring auditors to retain for seven years workpapers and other documentation related to audits or reviews of issuer financial statements. The Commission adopted final rules pursuant to Section 302 in January 2003. See Rule 2-06 of Regulation S-X; Release No. 34-47241 (January 24, 2003). The Commission's rules, which are aimed at preventing the destruction of audit records and facilitating the Commission's enforcement efforts, require retention of a broader set of documents than the Board's Proposed Standard, in that the Commission's rules require the retention of memoranda, correspondence and other documentation that are not traditionally considered "workpapers."