



May 1, 2017

The Honorable Jeb Hensarling  
Chairman  
House Financial Services Committee  
2128 Rayburn House Office Building  
Washington, DC 20515

The Honorable Maxine Waters  
Ranking Member  
House Financial Services Committee  
4340 O'Neill Federal Office Building  
Washington, DC 20515

Dear Chairman Hensarling and Ranking Member Waters:

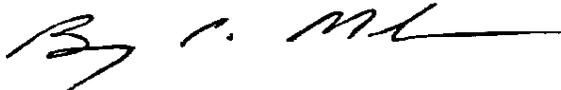
On behalf of the 418,000 members of the American Institute of CPAs (AICPA), we thank you for the committee's thoughtful approach in authoring the Financial CHOICE Act (CHOICE Act). We appreciate the committee's interest in taking input at the stakeholder level, and the opportunity to contribute, discuss, and engage with the committee on matters of importance to the profession. As consideration of the CHOICE Act continues, we strongly urge caution on an effort to roll back Sarbanes-Oxley Act (SOX) section 404(b) and further urge caution on a provision repealing the funding mechanism created in the Dodd-Frank Act for the Governmental Accounting Standards Board (GASB).

First, the CHOICE Act would provide an extensive carve-out from compliance with SOX section 404(b) including companies which have already been in compliance. Section 404(b) of SOX requires an audit of the management assertions made regarding their company's internal control over financial reporting. As you know, SOX was enacted to protect all investors in public companies by increasing the accuracy and transparency of financial reporting. Effective internal controls are the bedrock of reliable financial reporting and are a first line of defense for preventing and detecting errors and fraud. We are concerned that by providing the carve-out envisioned in the CHOICE Act, fundamental protections that investors have historically relied on will no longer be in place.

We are mindful of the cost of conducting such an audit, but note that the 2007 adoption by the PCAOB of Auditing Standard No. 5 brought significant improvements and efficiencies to the internal control audit. We believe improved audit quality and efficiency has made the external attestation with respect to such internal controls a cornerstone of investor confidence in a public company's financial health. For these reasons, we strongly support maintaining current investor protections and oppose rolling back these appropriate safeguards.

Second, the CHOICE Act would repeal the requirement which resulted in the Financial Industry Regulatory Authority FINRA establishing an accounting support fee for their members (i.e. broker-dealers) to fund the GASB in Sec. 978 of the Dodd-Frank Act. The GASB establishes generally accepted accounting principles (GAAP) for state and local governments. Until Dodd-Frank created a steady funding stream in Sec. 978, the GASB operated without a consistent, long-term funding source. Because of this, the AICPA supports the continuity of a stable funding mechanism for the GASB so that it can achieve its mission of establishing and improving standards of state and local government accounting and financial reporting. For these reasons, we oppose the provision which repeals Sec. 978 of the Dodd-Frank Act related to GASB funding.

Sincerely,

A handwritten signature in black ink, appearing to read "Barry C. Melancon". The signature is fluid and cursive, with the first name being the most prominent.

Barry C. Melancon, CPA, CGMA  
President and CEO, AICPA

cc: Members of the House Financial Services Committee