

Via Hand Delivery

October 9, 2019

The Honorable Jay Clayton
Chairman
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Re: Public Company Accounting Oversight Board Appointments (PCAOB)

Dear Mr. Chairman:

We read with interest the September 11, 2019, article by Francine McKenna in *MarketWatch*.¹ The article indicates that current PCAOB member Kathleen M. Hamm’s two year term expires this month and that she is eligible *and* interested in reappointment to a second five year term.²

The Council of Institutional Investors (CII) has been, and continues to be, a strong proponent of the PCAOB and its mission.³ CII is a nonprofit, nonpartisan association of U.S. asset owners, primarily pension funds, state and local entities charged with investing public assets and endowments and foundations, with combined assets of \$4 trillion. Our associate members include non-U.S. asset owners with more than \$4 trillion in assets, and a range of asset managers with more than \$35 trillion in assets under management.⁴

CII members share a commitment to healthy public capital markets and strong corporate governance for which the PCAOB and its members play an important role.⁵ In that regard, we generally agree with the view of CFA Institute Sandra J. Peters who told *MarketWatch* that “we

¹ Francine McKenna, Regulator Seeks to Keep Job at PCAOB, But SEC Looks for New Candidate, *marketwatch.com*, Sept. 11, 2019, <https://www.marketwatch.com/story/regulator-seeks-to-keep-job-at-pcaob-but-sec-looks-for-new-candidates-2019-09-10>.

² *See id.*

³ *See, e.g.*, Letter from Jeffrey P. Mahoney, General Counsel, Council of Institutional Investors to Office of the Secretary, PCAOB 1 (Sept. 6, 2018), https://www.cii.org/files/issues_and_advocacy/correspondence/2018/September%206,%202018%20PCAOB%20Strategic%20Plan.pdf (“We strongly endorse the [PCAOB’s] mission, vision, and values”).

⁴ For more information about the Council of Institutional Investors (“CII”), including its board and members, please visit CII’s website at https://www.cii.org/about_us.

⁵ *See, e.g.*, Council of Institutional Investors, Policies On Other Issues, **Independence of Accounting and Auditing Standard Setters** (updated Mar. 1, 2017), https://www.cii.org/policies_other_issues#indep_acct_audit_standards (“The quality, comparability and reliability of [financial] . . . information, in turn, depends directly on the quality of the . . . standards that: . . . auditors use in providing assurance that the preparers’ recognition, measurement and disclosures are free of material misstatements or omissions.”).

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don't envision that the SEC would want to replace a well-qualified and well regarded professional who wants to continue serving on the PCAOB.”⁶

We would welcome the opportunity to discuss this issue with you, in more detail, at your convenience.

Sincerely,

A handwritten signature in cursive script that reads "Jeff Mahoney".

Jeffrey P. Mahoney
General Counsel

CC: The Honorable Robert J. Jackson Jr., Commissioner
The Honorable Allison Herren Lee, Commissioner
The Honorable Hester M. Peirce, Commissioner
The Honorable Elad L. Roisman, Commissioner
Rick Fleming, Investor Advocate

⁶ Francine McKenna.