PCAOB
Public Company Accounting Oversight Board

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PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

In the Matter of KPMG LLP's Quality Control Remediation Submissions	PCAOB Release No.104-2014-166 October 23, 2014

I.

The Public Company Accounting Oversight Board ("Board" or "PCAOB") has evaluated the submissions of KPMG LLP ("the Firm") pursuant to PCAOB Rule 4009(a) for the remediation periods ended November 8, 2012 and August 15, 2013 concerning the Firm's efforts to address certain quality control criticisms included in the nonpublic portions of the Board's November 8, 2011 and August 15, 2012 inspection reports on the Firm ("the Reports"). The Board has determined that as of November 8, 2012 and August 15, 2013, respectively, the Firm had not addressed certain criticisms in the Reports to the Board's satisfaction. Accordingly, pursuant to Section 104(g)(2) of the Sarbanes-Oxley Act of 2002 ("the Act") and PCAOB Rule 4009(d), the Board is making public the portions of the Reports that deal with those criticisms.[1]

The Firm has notified the Board that it will not seek Securities and Exchange Commission review of the determination, which the Firm has a right to do under the Act and Commission rules. The Firm has requested that a related statement by the Firm be attached as an Appendix to this release, and the Board has granted that request. By allowing the Firm's statement to be attached as an

[1] Those portions of the Report are now included in the version of the Report that is publicly available on the Board’s web site. Observations in Board inspection reports are not a result of an adversarial adjudicative process and do not constitute conclusive findings of fact or of violations for purposes of imposing legal liability.

Appendix to this release, however, the Board is not endorsing, confirming, or adopting as the Board's view any element of the Firm's statement.

II.

The quality control remediation process is central to the Board's efforts to cause firms to improve the quality of their audits and thereby better protect investors. The Board therefore takes very seriously the importance of firms making sufficient progress on quality control issues identified in an inspection report in the 12 months following the report. Particularly with the largest firms, which are inspected annually, the Board devotes considerable time and resources to critically evaluating whether the firm did in fact make sufficient progress in that period. The Board makes the relevant criticisms public when a firm has failed to do so to the Board's satisfaction.

It is not unusual for an inspection report to include nonpublic criticisms of several aspects of a firm's system of quality control. Any Board judgment that results in later public disclosure is a judgment about whether the firm made sufficient effort and progress to address the particular criticisms articulated in the report on that firm in the 12 months immediately following the report date. It is not a broad judgment about the effectiveness of a firm's system of quality control compared to those of other firms, and it does not signify anything about the merits of any additional efforts a firm may have made to address the criticisms after the 12-month period.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

October 23, 2014

KPMG

Statement of KPMG LLP on the PCAOB's October 23, 2014 Release No. 104-2014-166

KPMG LLP has established a culture that is built on an absolute commitment to performing consistently high-quality audits and meeting our responsibilities to investors and other participants in the capital markets system. We share the PCAOB's objectives of continually improving audit quality and building confidence in the auditing profession. The PCAOB's inspection process serves to assist us in identifying areas where we can continue to improve our performance and strengthen our system of audit quality control. We remain committed to full cooperation with the PCAOB, appreciate the professionalism and commitment of the PCAOB staff and value the important role the PCAOB plays in improving audit quality.

The Board of the PCAOB has made public portions of Part II of the Public Company Accounting Oversight Board's Reports on the 2010 and 2011 Inspections of KPMG LLP (the "Reports") because the Board determined that the firm had not submitted evidence or otherwise demonstrated that it satisfactorily addressed the quality control criticisms within the 12-month period after the date of the Reports. We accept the Board's determination and take seriously our responsibility to address these matters. We have taken remedial actions with respect to our professionals' evaluation of contrary evidence. We will take the further actions necessary to address this quality control criticism and will continue to enhance our system of audit quality control.

We remain dedicated to evaluating and improving our system of audit quality control, monitoring audit quality and implementing changes to our policies and practices in order to enhance audit quality. We understand our responsibility to the capital markets and are committed to continually improving our firm and working constructively with the PCAOB to improve audit quality.

Very truly yours,

KPMG LLP

John Veihmeyer

James P. Liddy

John B. Veihmeyer
Chairman and Chief Executive Officer

James P. Liddy
Vice Chair, Audit