



December 9, 2011

Office of the Secretary
PCAOB
1666 K Street, N.W.
Washington, D.C. 20006-2803

Re: PCAOB Rulemaking Docket Matter No. 37

Dear Sir/Madam:

The Public Company Accounting Oversight Board (PCAOB) is seeking comment on a concept release proposing to increase auditor independence, objectivity and professional skepticism through mandatory rotation of audit firms by public companies.

As a global exchange operator with thousands of listed companies and a public company ourselves, we fully support requiring and enhancing auditor independence. However, we do not believe that mandatory rotation of audit firms by public companies will improve audit quality.

In order for an independent auditor to provide investors reasonable assurance that financial statements and internal controls over financial reporting can be relied upon, being able to acquire the institutional knowledge required to gain a full understanding of company's business environment appears to be the foundation towards designing a quality audit approach. Only by gaining a deep understanding of a client's business operations, information systems and accounting practices, including in the exacerbated case of large multinational corporations running complex operations in multiple geographies, can the independent auditor build an efficient, risk-based audit program.

We believe that the framework currently in place to govern auditor independence is operating effectively and should continue to be enhanced, but not by imposing mandatory rotation of audit firms by public companies. We would like to highlight the following: first, the audit committee of the Board of Directors appoints the independent auditor and has oversight over the independent auditor's fees, not company management. Second, relationships between audit firms and their clients are governed by strict rules which prohibit the performance of certain services and limit the ability of certain audit personnel to be employed by the client. Third, historically high turnover rates at audit firms and regulations already in place to impose audit partner rotation after 5 or 7 years effectively create the conditions of a gradual replacement of audit personnel over a reasonable period of time.



We also believe that the cost of mandating rotation of audit firms would burden public companies with increased audit fees, particularly in the first couple of years as the new audit firm would ramp up its learning curve and may be required to perform certain procedures on opening balances or review certain transactions involving prior periods. During this period, company management would be required to dedicate a significant amount of time to help its new auditor build the necessary knowledge base of the company's operations, information systems, accounting practices and internal controls to design quality audit procedures.

For large multinational corporations with legal entities in foreign countries requiring statutory audits of each entity, the cost and burden of mandating rotation of audit firms would be enhanced as large corporations typically derive economies of scale by using the same audit firm as the one providing an independent opinion on its consolidated financial statements.

For the above reasons, we believe that the mandatory rotation of audit firms by public companies could in fact generate a loss of audit quality and would create inefficiencies for both the audit firms and their clients.

However, we also note that New York Stock Exchange ("NYSE") listing rules specifically require that the listed company's audit committee must consider whether, in order to assure continuing auditor independence, there should be regular rotation of the company's audit firm.¹ This requirement is designed to enable the audit committee of each NYSE-listed company to make a facts and circumstances assessment of its auditor's performance in the context of necessary independence criteria, without applying a "one size fits all" approach that may not be warranted for all companies. We believe that ongoing diligent application of this requirement, perhaps combined with conforming changes by other listing markets, would aid the PCAOB's auditor independence goals.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stéphane Biehler'.

Stéphane Biehler
Chief Accounting Officer & Corporate Controller
NYSE Euronext
11 Wall Street
New York, NY 10005

¹ See, Section 303A.07(b)(iii)(A) of the NYSE Listed Company Manual.