

118TH CONGRESS  
1ST SESSION

# H. R. 6769

To amend the Sarbanes-Oxley Act of 2002 to provide for disclosure regarding foreign jurisdictions that hinder inspections, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 13, 2023

Ms. STEFANIK (for herself, Mr. LUETKEMEYER, Mrs. HINSON, Mr. NUNN of Iowa, and Mr. DONALDS) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To amend the Sarbanes-Oxley Act of 2002 to provide for disclosure regarding foreign jurisdictions that hinder inspections, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Trusted Foreign Au-  
5 diting Act of 2023”.

6 **SEC. 2. INSPECTION OF REGISTERED PUBLIC ACCOUNTING**  
7 **FIRMS.**

8 Section 104(i) of the Sarbanes-Oxley Act of 2002 (15  
9 U.S.C. 7214(i)) is amended—

1 (1) in paragraph (1)—

2 (A) by redesignating subparagraphs (A)  
3 and (B) as subparagraphs (C) and (D), respec-  
4 tively; and

5 (B) by inserting before subparagraph (C),  
6 as so redesignated, the following:

7 “(A) the term ‘compromised auditor’  
8 means, with respect to a registered public ac-  
9 counting firm, an independent branch or office  
10 of that firm (or a subsidiary of such a branch  
11 or office) that—

12 “(i) is subject to the jurisdiction and  
13 laws of the government of a covered coun-  
14 try;

15 “(ii) is directly or indirectly con-  
16 trolled, directed, or materially influenced  
17 by a covered country;

18 “(iii) has a manager or owner, or con-  
19 ducts any operation, that is subject to the  
20 direct influence of a covered country; or

21 “(iv) has entered into any arrange-  
22 ment, agreement, or relationship with the  
23 government or political party of a covered  
24 country that could compromise the objec-  
25 tivity, integrity, or independence of the

1 branch, office, or subsidiary in performing  
2 auditing or attestation services;

3 “(B) the term ‘covered country’ means—

4 “(i) any country (including any spe-  
5 cial administrative region of such country)  
6 identified as a threat to the national secu-  
7 rity of the United States in the most re-  
8 cent report submitted to Congress by the  
9 Director of National Intelligence pursuant  
10 to section 108B of the National Security  
11 Act of 1947 (50 U.S.C. 3043b) (commonly  
12 referred to as the ‘Annual Threat Assess-  
13 ment’); or

14 “(ii) any covered nation (as defined in  
15 section 4872(d)(2) of title 10, United  
16 States Code);”;

17 (2) in paragraph (2)(A)—

18 (A) in the matter preceding clause (i), by  
19 striking “paragraph (1)(A)” and inserting  
20 “paragraph (1)(C)”; and

21 (B) in clause (ii), by inserting “is a com-  
22 promised auditor that” before “the Board is  
23 unable”; and

24 (3) by adding at the end the following:

1           “(5) TRADING PROHIBITION.—If a covered  
2 issuer that is headquartered in a country of concern  
3 retains a compromised auditor to prepare an audit  
4 report described in paragraph (2)(A) for the covered  
5 issuer, the trading prohibition described in para-  
6 graph (3) shall apply to the covered issuer.”.

7 **SEC. 3. PUBLIC HEARINGS.**

8           Section 105(c) of the Sarbanes-Oxley Act of 2002 (15  
9 U.S.C. 7215(c)) is amended by striking paragraph (2) and  
10 inserting the following:

11           “(2) PUBLIC HEARINGS.—

12                   “(A) DEFINITIONS.—In this paragraph,  
13 the terms ‘compromised auditor’ and ‘covered  
14 issuer’ have the meanings given those terms in  
15 section 104(i)(1).

16                   “(B) CONDITIONS.—Hearings under this  
17 section shall not be public, unless—

18                           “(i) a compromised auditor retained  
19 by a covered issuer is a party to the hear-  
20 ing; or

21                           “(ii) otherwise ordered by the Board  
22 for good cause shown, with the consent of  
23 the parties to such hearing.”.

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