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- *NRC's Agencywide Documents Access and Management System (ADAMS)*: Publicly available documents created or received at the NRC are available online in the NRC Library at <http://www.nrc.gov/reading-rm/adams.html>. From this page, the public can gain entry into ADAMS, which provides text and image files of the NRC's public documents. If you do not have access to ADAMS or if there are problems in accessing the documents located in ADAMS, contact the NRC's PDR reference staff at 1-800-397-4209, 301-415-4737, or by e-mail to [pdr.resource@nrc.gov](mailto:pdr.resource@nrc.gov). The draft LR-ISG proposes to revise the NRC staff's recommended aging management programs in NUREG-1801, Revision 2, "Generic Aging Lessons Learned (GALL) Report," and the NRC staff's aging management review procedures and acceptance criteria in NUREG-1800, Revision 2, "Standard Review Plan for Review of License Renewal Applications for Nuclear Power Plants" (SRP-LR). The NRC published both of these reports in December 2010 and they are available in ADAMS under Accession Nos. ML103490036 and ML103490041, respectively. The draft LR-ISG-2011-05 is available electronically under ADAMS Accession Number ML11203A411.

- *Federal Rulemaking Web Site*: Public comments and supporting materials related to this notice can be found at <http://www.regulations.gov> by searching on Docket ID NRC-2011-0191.

- *NRC's Interim Staff Guidance Web Site*: LR-ISG documents are also available online under the "License Renewal" heading at <http://www.nrc.gov/reading-rm/doc-collections/#int>.

**FOR FURTHER INFORMATION CONTACT:** Mr. Matthew Homiack, Division of License Renewal, Office of Nuclear Reactor Regulation, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001; telephone: 301-415-1683; or e-mail: [Matthew.Homiack@nrc.gov](mailto:Matthew.Homiack@nrc.gov).

## Background

The NRC issues LR-ISGs to communicate insights and lessons learned and to address emergent issues not covered in license renewal guidance documents, such as the GALL Report and SRP-LR. In this way, the NRC staff and stakeholders may use the guidance in an LR-ISG document before it is incorporated into a formal license renewal guidance document revision. The NRC staff issues LR-ISG in

accordance with the LR-ISG Process, Revision 2 (ADAMS Accession No. ML100920158), for which a notice of availability was published in the **Federal Register** on June 22, 2010 (75 FR 35510).

The NRC staff has developed draft LR-ISG-2011-05 to clarify guidance on how the ongoing review of operating experience should be used to ensure the effectiveness of the license renewal aging management programs. While the SRP-LR states that an acceptable aging management program should include the ongoing review of operating experience, the program descriptions in the GALL Report do not reflect this guidance. As such, the NRC staff is proposing revisions to the GALL Report aging management programs to better align them with the guidance in the SRP-LR. The NRC staff is also proposing to revise its review procedures and acceptance criteria for comparing aging management review results with the GALL Report to better address this issue. In addition, the NRC staff is proposing to clarify the SRP-LR's description of the operating experience program element. One reason for this clarification is to better describe how license renewal applicants should obligate themselves to the ongoing review of operating experience for license renewal.

The NRC staff's proposed guidance addresses the ongoing review of operating experience as a generic activity applicable to all license renewal aging management programs. The NRC staff believes that this approach is consistent with how nuclear power plant licensees currently implement operating experience review activities. In addition, the NRC staff is proposing that licensees may credit these existing operating experience review activities, provided they ensure that these existing activities are appropriate for reviewing operating experience specifically related to aging management.

## Proposed Action

By this action, the NRC is requesting public comments on draft LR-ISG-2011-05. This LR-ISG proposes certain revisions to NRC guidance on implementation of the requirements in 10 CFR part 54. The NRC staff will make a final determination regarding issuance of the LR-ISG after it considers any public comments received in response to this request.

Dated at Rockville, Maryland, this 16th day of August 2011.

For the Nuclear Regulatory Commission.

**Brian E. Holian,**

*Director, Division of License Renewal, Office of Nuclear Reactor Regulation.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-65163; File No. PCAOB-2011-01]

### Public Company Accounting Oversight Board; Order Approving Proposed Temporary Rule for an Interim Program of Inspection Related to Audits of Brokers and Dealers

August 18, 2011.

#### I. Introduction

On June 21, 2011, the Public Company Accounting Oversight Board (the "Board" or the "PCAOB") filed with the Securities and Exchange Commission (the "Commission"), pursuant to Section 107(b)<sup>1</sup> of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and Section 19(b)(1)<sup>2</sup> of the Securities Exchange Act of 1934 (the "Exchange Act"), a proposed rule change (PCAOB-2011-01) to establish an interim inspection program related to audits of brokers and dealers. The proposed Rule 4020T amends Section 4 of the Board's rules. The Board also adopted amendments to Section 1 of its rules to add notes following Rules 1001(a)(v), 1001(a)(vi), and 1001(p)(vi). The proposed rule change was published for comment in the **Federal Register** on July 12, 2011.<sup>3</sup> The Commission received one comment letter on the proposed rule change. This order approves the proposed rule change.

#### II. Discussion

Section 982 of the Dodd-Frank Wall Street Reform and Consumer Protection Act<sup>4</sup> amended the Sarbanes-Oxley Act to give the Board explicit oversight authority with respect to audits of brokers and dealers that are registered with the Commission.<sup>5</sup> Among other things, the Board is authorized to

<sup>1</sup> 15 U.S.C. 7217(b).

<sup>2</sup> 15 U.S.C. 78s(b)(1).

<sup>3</sup> Release No. 34-64814 (Jul. 6, 2011) [76 FR 40961 (Jul. 12, 2011)].

<sup>4</sup> Public Law 111-203, 124 Stat. 1376 (Jul. 21, 2010).

<sup>5</sup> For information regarding the audit of brokers' and dealers' financial statements and examination of reports regarding compliance with Commission requirements, see generally Rule 17a-5 under the Exchange Act (17 CFR 240.17a-5) and related SEC rules and forms.

establish an inspection program by rule.<sup>6</sup> Section 104(a)(2) of the Sarbanes-Oxley Act provides that, in establishing such a program:

- The Board may allow for differentiation among classes of brokers and dealers;
- The Board shall consider whether differing inspection schedules would be appropriate with respect to auditors that issue audit reports only for brokers or dealers that do not receive, handle, or hold customer securities or cash or are not members of the Securities Investor Protection Corporation; and
- If the Board exempts any public accounting firm from such an inspection program, the auditor would not be required to register with the Board.

The Board has filed a proposed rule change to establish a temporary rule for an interim program of inspection that would allow the Board to begin inspections of relevant audits and auditors and provide a source of information to help guide decisions about the scope and elements of a permanent program. The Board explained that it intended to take a careful and informed approach in establishing a permanent program that appropriately protects the public interest and the interests of investors, including consideration of potential costs and regulatory burdens that would be imposed on different categories of registered public accounting firms and classes of brokers and dealers.<sup>7</sup> The Board also explained that it did not intend to make the necessary judgments without first gathering and assessing relevant information, but that it did not intend to postpone all use of its new inspection authority until after those judgments were made.<sup>8</sup>

The temporary rule provides that the Board will publish a report on the interim program no less frequently than every twelve months, beginning twelve months after the date the rule takes effect and continuing until rules for a permanent program take effect. Each report will describe the progress of the interim program and any significant observations that either may bear on the Board's consideration of a permanent program or the publication of which may otherwise be appropriate to protect the interests of investors or to further the public interest.

### III. Discussion of Comments

The Commission received one comment letter on the proposed rule

change.<sup>9</sup> The commenter, a small registered accounting firm that performs audits of broker-dealers but not issuers, expressed strong support for the inclusive scope of the temporary rule and also for the establishment of a permanent program of inspection that would include all auditors of broker-dealers.<sup>10</sup> The commenter supported a program that would not differentiate among types of brokers and dealers or exempt certain public accounting firms, noting their view that any such limitations would not be "fully protecting the public interest and interest of investors."<sup>11</sup>

### IV. Conclusion

After careful review of the proposed rule change, the Commission finds that the proposed rule change is consistent with the requirements of the Sarbanes-Oxley Act and the securities laws and is necessary or appropriate in the public interest or for the protection of investors.

*It is therefore ordered*, pursuant to Section 107 of the Sarbanes-Oxley Act and Section 19(b)(2) of the Exchange Act, that the proposed rule change (File No. PCAOB-2011-01) be and hereby is approved.

For the Commission, by the Office of the Chief Accountant, pursuant to delegated authority.<sup>12</sup>

**Elizabeth M. Murphy,**  
*Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-65162; File No. PCAOB-2011-02]

### Public Company Accounting Oversight Board; Order Approving Proposed Board Funding Final Rules for Allocation of the Board's Accounting Support Fee Among Issuers, Brokers, and Dealers, and Other Amendments to the Board's Funding Rules

August 18, 2011.

#### I. Introduction

On June 21, 2011, the Public Company Accounting Oversight Board (the "Board" or the "PCAOB") filed with the Securities and Exchange Commission (the "Commission"), pursuant to Section 107(b)<sup>1</sup> of the

Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and Section 19(b)(1)<sup>2</sup> of the Securities Exchange Act of 1934 (the "Exchange Act"), a proposed rule change (PCAOB-2011-02) relating to the funding of the Board's operations (PCAOB Rules 7100 through 7106) and proposed amendments to certain definitions that would appear in PCAOB Rule 1001. The proposed rule change was published for comment in the **Federal Register** on July 12, 2011.<sup>3</sup> The Commission received no comment letters on the proposed rule change. This order approves the proposed rule change.

#### II. Discussion

Section 109<sup>4</sup> of the Sarbanes-Oxley Act, as originally enacted, provided that funds to cover the Board's annual budget (less registration and annual fees paid by public accounting firms<sup>5</sup>) would be collected from issuers<sup>6</sup> based on each issuer's relative average, monthly equity market capitalization.<sup>7</sup> The amount due from issuers was referred to as the Board's "accounting support fee."

Section 982 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act")<sup>8</sup> amended the Sarbanes-Oxley Act to grant the Board explicit oversight authority with respect to audits of brokers and dealers registered with the Commission.<sup>9</sup> To provide funds for the Board's oversight of those audits, the Dodd-Frank Act amended Section 109 of the Sarbanes-Oxley Act to require that the Board allocate a portion of the accounting

<sup>2</sup> 15 U.S.C. 78s(b)(1).

<sup>3</sup> Release No. 34-64816 (Jul. 6, 2011) [76 FR 40950 (Jul. 12, 2011)].

<sup>4</sup> 15 U.S.C. 7219.

<sup>5</sup> Section 102(f) of the Sarbanes-Oxley Act (15 U.S.C. 7212(f)) states that the PCAOB shall assess and collect a registration fee and an annual fee from each registered public accounting firm, in amounts that are sufficient to cover the costs of processing and reviewing registration applications and annual reports.

<sup>6</sup> Section 2(a)(7) of the Sarbanes-Oxley Act (15 U.S.C. 7201(a)(7)) and PCAOB rules define "issuer" to mean an issuer (as defined in Section 3 of the Exchange Act (15 U.S.C. 78c)), the securities of which are registered under Section 12 of the Exchange Act (15 U.S.C. 78j), or that is required to file reports under Section 15(d) of the Exchange Act (15 U.S.C. 78o(d)), or that files or has filed a registration statement that has not yet become effective under the Securities Act of 1933 (15 U.S.C. 77a *et seq.*, and that it has not withdrawn. See PCAOB Rule 1001(i)(iii).

<sup>7</sup> Section 109(g) of the Sarbanes-Oxley Act.

<sup>8</sup> Public Law 111-203, 124 Stat. 1376 (Jul. 21, 2010).

<sup>9</sup> For information regarding the audit of brokers' and dealers' financial statements and examination of reports regarding compliance with Commission requirements, see generally Rule 17a-5 under the Exchange Act (17 CFR 240.17a-5) and related SEC rules and forms.

<sup>6</sup> Section 104(a)(2)(A) of the Sarbanes-Oxley Act.

<sup>7</sup> See PCAOB Release No. 2011-01 (Jun. 14, 2011), at 3.

<sup>8</sup> See *id.*

<sup>9</sup> See letter from Farkouh Furman & Faccio LLP.

<sup>10</sup> See *id.*

<sup>11</sup> *Id.*

<sup>12</sup> 17 CFR 200.30-11(b)(2).

<sup>13</sup> 15 U.S.C. 7217(b).