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March 10, 2008

Nancy M. Morris  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

**File No. S7-06-03**  
**Internal Control over Financial Reporting in Exchange Act Periodic Reports of Non-Accelerated Filers**  
**Release Nos. 33-8889; 34-57258**

Dear Ms. Morris:

KPMG LLP (KPMG) is pleased to respond to the request by the Securities and Exchange Commission (Commission) for comments on the proposed rule, "Internal Control over Financial Reporting in Exchange Act Periodic Reports of Non-Accelerated Filers," Release Nos. 33-8889; 34-57258 (Proposed Rule).

We are supportive of the Commission's efforts to facilitate, in an effective and efficient manner, all public companies' compliance with the requirements under Section 404 of the Sarbanes-Oxley Act for reporting on internal control over financial reporting. Fundamentally, we believe that compliance with the provisions of Section 404 of Sarbanes-Oxley provides needed protections to investors in all companies, regardless of size or complexity. We believe that internal control reporting pursuant to Section 404 has made, and will continue to make, a significant contribution toward improving financial reporting, corporate governance and audit quality, all serving to further the public interest and bolster confidence in our capital markets.

We are committed to supporting continued improvements in the effectiveness and efficiency of Section 404 compliance. Therefore, we have no objection to continued deferral of Section 404(b) auditor attestation requirements for non-accelerated filers while the PCAOB finalizes its staff guidance to auditors of smaller public companies on auditing internal control over financial reporting, as well as the forthcoming guidance from the Committee of Sponsoring Organizations (COSO) on management's monitoring activities, and to allow the Commission to complete its study on the cost-effectiveness of the auditor attestation requirement for smaller companies. We believe that the PCAOB guidance in particular will further facilitate scalability of the PCAOB's revised auditing standard on internal control over financial reporting. We would hope at the end of these efforts the Commission will conclude in favor of full implementation of Section 404 for all public



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companies, without further delays, so that the benefits of the provision may accrue to investors in these companies.

If you have any questions regarding this letter, please contact Larry Leva, (212) 872-5589, [lleva@kpmg.com](mailto:lleva@kpmg.com).

Very truly yours,

**KPMG LLP**

cc:

SEC

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Commissioner Kathleen L. Casey

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