II

119TH CONGRESS
1ST SESSION

S. 2382

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

IN THE SENATE OF THE UNITED STATES

JULY 22, 2025

Mr. SCOTT of Florida introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘Trusted Foreign Auditing Act of 2025’’.

SEC. 2. INSPECTION OF REGISTERED PUBLIC ACCOUNTING FIRMS.

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

(1) in paragraph (1)—

(A) by redesignating subparagraphs (A) and (B) as subparagraphs (C) and (D), respectively; and

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

"(A) the term 'compromised auditor' means, with respect to a registered public accounting firm, an independent branch or office of that firm (or a subsidiary of such a branch or office) that—

"(i) is subject to the jurisdiction and laws of the government of a covered country;

"(ii) is directly or indirectly controlled, directed, or materially influenced by a covered country;

"(iii) has a manager or owner, or conducts any operation, that is subject to the direct influence of a covered country; or

"(iv) has entered into any arrangement, agreement, or relationship with the government or political party of a covered country that could compromise the objectivity, integrity, or independence of the branch, office, or subsidiary in performing auditing or attestation services;

"(B) the term 'covered country' means—

"(i) any country (including any special administrative region of such country) identified as a threat to the national security of the United States in the most recent report submitted to Congress by the Director of National Intelligence pursuant to section 108B of the National Security Act of 1947 (50 U.S.C. 3043b) (commonly referred to as the 'Annual Threat Assessment'); or

"(ii) any covered nation (as defined in section 4872(f)(2) of title 10, United States Code);";

(2) in paragraph (2)(A)—

(A) in the matter preceding clause (i), by striking "paragraph (1)(A)" and inserting "paragraph (1)(C)"; and

(B) in clause (ii), by inserting "is a compromised auditor that" before "the Board is unable"; and

(3) by adding at the end the following:

"(5) TRADING PROHIBITION.—If a covered issuer that is headquartered in a covered country retains a compromised auditor to prepare an audit report described in paragraph (2)(A) for the covered issuer, the trading prohibition described in paragraph (3) shall apply to the covered issuer.".

SEC. 3. PUBLIC HEARINGS.

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

"(2) PUBLIC HEARINGS.—

"(A) DEFINITIONS.—In this paragraph, the terms 'compromised auditor' and 'covered issuer' have the meanings given those terms in section 104(i)(1).

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

"(i) a compromised auditor retained by a covered issuer is a party to the hearing; or

"(ii) otherwise ordered by the Board for good cause shown, with the consent of the parties to such hearing.".

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