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Matthew W. Close

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O'Melveny's Close Quoted in BNA Securities Regulation and Law Report

July 24, 2012

The July 23, 2012, *BNA Securities Regulation and Law Report* article "SEC Asks for Stay of Action Against Deloitte, Citing Talks for PRC Mechanism," reported that the SEC has requested a stay in its litigation aimed at obtaining audit documents from the Chinese unit of Deloitte & Touche to allow US and Chinese regulators to continue ongoing negotiations over an agreement to permit US regulatory oversight of China-based auditors of US-listed companies.

O'Melveny & Myers LLP securities litigation partner Matthew Close told *BNA* that both actions are being closely monitored by US-listed Chinese companies, and the litigation could in some respects be considered a "test case" for the SEC. Close said he believes that the SEC's move to put the litigation on hold reflects its realization that the Commission, the Public Company Accounting Oversight Board, and the Chinese authorities all "would prefer, and are better served, by having a negotiated resolution rather than having judges and courts in the United States, and potentially in China, make determinations and rulings." He added that both sides have a "tremendous incentive and need to find a solution." Although the process may be drawn-out and somewhat painful, Close suggested, the desire to maintain access to capital markets will eventually push the US and PRC authorities to come to an agreement. "Some solution is really almost essential for both sides at some point," he said.

