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delisting threat.

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*By Lydia Beyoud, Bloomberg News (TNS)*

The Securities and Exchange Commission is telling American audit firms to be cautious about taking on as new clients Chinese firms that trade in New York.

The warning on Tuesday follows several businesses switching to U.S. auditors amid an ongoing dispute between regulators in Washington and Beijing over access to audit work papers that could lead to about 200 companies being kicked off American stock exchanges. China and Hong Kong are the lone two jurisdictions worldwide that

haven't allowed American inspections of the documents, with officials there citing

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elsewhere—will be able to satisfy their responsibilities to serve as the lead auditor,” he said.

Over the past several months, the SEC been publishing a list of firms based in China and Hong Kong that could face possible delisting if American inspectors aren't allowed to review work papers as required by U.S. law.

Under an preliminary agreement reached last month, watchdogs from the U.S. Public Company Accounting Oversight Board are planning to travel to Hong Kong in the coming weeks to begin inspections of work papers.

“While this agreement is an important step, it remains to be seen whether the PCAOB will, in fact, be permitted, pursuant to the terms of the Statement of Protocol, to inspect and investigate completely audit firms in China and Hong Kong.” Munter said in his statement.

*With assistance by Amanda Iacone*

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