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SEC Final Rules Update: Broker-Dealer Reports.

The Securities and Exchange Commission (“Commission”), under the Securities Exchange Act of 1934 (“Exchange Act”), is amending certain broker-dealer annual reporting, audit, and notification requirements. The amendments include a requirement that broker-dealer audits be conducted in accordance with standards of the Public Company Accounting Oversight Board (“PCAOB”) in light of explicit oversight authority provided to the PCAOB by the Dodd- Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) to oversee these audits. The amendments further require a broker-dealer that clears transactions or carries customer accounts to agree to allow representatives of the Commission or the broker-dealer’s designated examining authority (“DEA”) to review the documentation associated with certain reports of the broker-dealer’s independent public accountant and to allow the accountant to discuss the findings relating to the reports of the accountant with those representatives when requested in connection with a regulatory examination of the broker-dealer. Finally, the amendments require a broker-dealer to file a new form with its DEA that elicits information about the broker-dealer’s practices with respect to the custody of securities and funds of customers and non-customers.

The full Rules Update is available at:

<http://www.sec.gov/rules/final/2013/34-70073.pdf>

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