About This Series…

A periodic update of current finance-related issues covering audit and accounting, tax, and regulatory matters affecting organizations that operate within the financial services sector.

FINANCE ALERT

Non-Public Broker-Dealers: Financial Regulatory Reform Bill

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) was signed by President Obama and will now require auditors of broker-dealers to comply with the regulations of the Public Company Accounting Oversight Board (PCAOB), including auditing standards, inspection, investigations, and disciplinary authority.

The PCAOB will be establishing specific auditing and attestation standards for broker-dealer audits. Dodd-Frank amends the Sarbanes-Oxley Act to require the auditors of all broker-dealers (public or non-public) to register with the PCAOB and also gives the PCAOB the power to require a program of inspection for those auditors. The act allows the PCAOB, in its inspection rule, to differentiate among broker-dealer classes and exempt introducing brokers, such as those who do not engage in clearing, carrying, or custody of client assets.

Dodd-Frank reconciles registration with inspection so that any auditors not covered by the inspection rule may no longer be required to register with the PCAOB. The PCAOB has discussed that, because of time needed to implement any new rules to both the broker-dealers and the auditors of broker-dealers, 2012 likely will be the first year of implementation of new rules.

The American Institute of Certified Public Accountants (AICPA), which represents over 300,000 certified public accountants, continues to support any law that will differentiate between broker-dealer classes and will use its regulatory resources on those broker-dealers that, in fact, pose the maximum risk to the public. The AICPA does not agree with the inspection of the auditors of non-public introducing broker-dealers.

The Financial Services Group at Holtz Rubenstein Reminick works in conjunction with management's counsel to provide tax planning strategies, including estate tax planning and succession planning. Our partners have extensive experience within the alternative investment industry. We also understand the importance of partner involvement and, as such, we ensure that our partners manage all aspects of client engagements. Our clients know that we are always available and knowledgeable about their business. Since a high degree of partner involvement allows for increased efficiencies, we are able to remove unnecessary bureaucracy. Our clients speak directly with the decision-maker to work through the issues.

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