



Broker/Dealers are under expanding scrutiny from both the SEC and PCAOB. In 2011 the SEC required auditors of Broker/Dealer to be PCAOB peer reviewed and inspected. In 2013 the PCAOB in conjunction with the SEC expanded the rules related in independence requirements under Rule 2-01 of Regulation S-X. These revisions now make it a violation of the auditors' independence when the auditor both audited and prepared the financial statement upon which the auditor opined.

The expansion of the independence rules places an additional burden on smaller Broker/Dealer organizations. Such firms may need to select a separate CPA firm to draft the financial statements being submitted to the regulatory authorities.

In addition, the enforcement of the self-assessment standards which require the Broker/Dealer to both review their internal controls and test compliance as part of the organizations obligation in the annual audit process. with the increased attention on auditor independence Broker/Dealers will potentially need to engagement of a third party CPA firm to prepare the self-assessment review which is the basis upon which the opining CPA firms sets it audit scopes.

BrookWeiner LLC is a PCAOB reviewed and inspected firm. We are proud of the highest marks being granted by to our Firm by the PCAOB.

We are experienced in the issues facing Broker/Dealers as well hedge and mutual fund operations. Our services include SOC 1 reporting; audits of third party administrators; surprise internal control reviews of RIAs' and audits of Broker/Dealers.

With the adoption of the new independence standards, BrookWeiner is providing Broker/Dealers with financial statement preparation services which will allow the present auditors to perform their attestation service without violating the new independence standards under the new rules. Interpretation of the standards has deemed the preparation of generic footnote disclosures by the opining firm a as violation of the intent of the new independence standards.

We speak the same language as your auditors and can assist your firm in resolving audit reporting and internal risk assessment issues and bring a second set of eyes to the organizations internal operating procedures. This process should assit in the timely completion of the audit with reduced disruption of your organization's on-going operations.

We would appreciate the opportunity to discuss this process with you and your current auditors. Recognizing the expanded definition of auditors' independence and the penalties associated with the violation of such rules, it is imperative that Broker/Dealers and their auditors focus on such promptly.

If you have any questions related to the new rules and/or if you would like more information on our services please check out our website at [www/ BrookWeiner.com](http://www.BrookWeiner.com) or contact me at 312-205-3226.

**If you would like a copy of the Update to SEC and CFTC Regulations and Related Audit and Attestation Reports of Broker/Dealers and Futures Commission Merchants please visit our website at [www.BrookWeiner.com](http://www.BrookWeiner.com) or e-mail me a request at [Sherwin@brookweiner.com](mailto:Sherwin@brookweiner.com)**

Respectfully Submitted

BrookWeiner LLC

Sherwin A. Brook

Member of the Firm