

Stockbrokerage and Investment Banking Expert Panel

Applicable Audit, Attestation and Independence Standards

Revised June 2022

The Stockbrokerage and Investment Banking Expert Panel serves the needs of AICPA members on financial and business reporting and audit and attest matters. The expert panel protects the public interest by bringing together knowledgeable parties in the broker-dealer industry to deliberate and come to agreement on key issues.

The following table summarizes the **audit, attestation and independence standards** applicable to AICPA members performing audit and attestation engagements, including whether the audit is subject to the PCAOB inspection, for certain Securities and Exchange Commission (SEC) and/or Commodity Futures Trading Commission (CFTC)-registered entities¹. This table provides considerations based upon current applicable rules and/or law, as well as the [AICPA Code of Professional Conduct](#).



¹ Dodd-Frank gave the PCAOB full oversight authority over audits of broker-dealers (BDs) registered with the SEC. However, per [AICPA Council Resolution](#), audit and attestation engagements of entities *other than issuers or SEC-registered BDs* (for example, 1) broker-dealers not covered by the SEC Rule 17a-5; 2) entities required by their regulators to have a PCAOB audit but the audit falls outside of the PCAOB's jurisdiction; 3) non-issuer entities that elect to have a PCAOB audit) continue to be subject to AICPA standards, even though regulators may require audits of such entities to be conducted under PCAOB standards. Paragraph 44 of the [AICPA AU-C 700 Auditor's Report for Audits Conducted in Accordance With the Standards of the PCAOB and GAAS When the Audit Is Not Within the Jurisdiction of the PCAOB](#) states:

.44 When conducting an audit of financial statements in accordance with the standards of the PCAOB and the audit is not within the jurisdiction of the PCAOB as defined by the Sarbanes-Oxley Act of 2002 (the Act), as amended, the auditor is required to also conduct the audit in accordance with GAAS. In such circumstances, when the auditor refers to the standards of the PCAOB in addition to GAAS in the auditor's report, the auditor should use the form of report required by the standards of the PCAOB, amended to state that the audit was also conducted in accordance with GAAS.

	Applicable Audit/ Attest Standards	Applicable Independence Standards	Is the <u>audit engagement</u> subject to PCAOB inspection?
1. SEC-registered Broker-Dealers (BDs) ²	PCAOB	PCAOB and SEC ³	Yes.
2. SEC-registered BDs also registered as FCMs with CFTC	PCAOB ⁷	CFTC, PCAOB and SEC ⁴	Yes.
3. SEC-registered BDs also registered as IBs with the CFTC	PCAOB ⁷	CFTC, PCAOB and SEC ³	Yes.
4. SEC-registered BDs also registered as SEC-Registered Investment Adviser	PCAOB	PCAOB and SEC ³	Yes.
5. SEC securities-based swap dealer (SBSD)	AICPA or AICPA and PCAOB ¹	AICPA and SEC or AICPA and PCAOB and SEC	No.
6. SEC securities-based swap dealer (SBSD) also registered as SEC BD and/or CFTC SD	PCAOB	PCAOB and SEC and CFTC	Yes.
7. SEC securities-based swap dealer (SBSD) also registered as CFTC SD	AICPA or AICPA and PCAOB ¹	AICPA and SEC and CFTC or AICPA and PCAOB and SEC and CFTC	No.
8. Security-based swap data repository (SDR ⁵)	AICPA and PCAOB ^{5,1}	AICPA, PCAOB and SEC	No.
9. Clearing agencies and systemically important financial market utility entities ⁶	AICPA and PCAOB ¹	AICPA, PCAOB and SEC	No.
10. Government securities brokers or dealers registered under Section 15C of the Securities Exchange Act of 1934	AICPA and PCAOB ¹	AICPA, PCAOB and SEC	No.
11. OTCDD registered with the SEC under SEC rule 17a-12	AICPA	AICPA and SEC	No.
12. SEC securities-based swap dealer (SBSD) also registered as OTCDD registered with the SEC under SEC rule 17a-12	AICPA or AICPA and PCAOB ¹	AICPA and SEC or AICPA and PCAOB and SEC	No.
13. CFTC-registered Futures Commission Merchants (FCMs) ⁷	AICPA and PCAOB ¹	AICPA, CFTC, PCAOB and SEC ⁴	No.
14. CFTC-registered Introducing Brokers (IBs) ⁷	AICPA	AICPA and CFTC	No.
15. CFTC-registered commodity pools	AICPA	AICPA and CFTC	No.
16. CFTC-registered FX dealers (RFEDs) ⁸	AICPA and PCAOB ¹	AICPA, CFTC and PCAOB	No.
17. CFTC-registered RFED also registered as FCM	AICPA and PCAOB ^{1,7}	AICPA, CFTC, SEC and PCAOB ⁴	No.
18. CFTC swap dealer (SD)	AICPA	AICPA and CFTC	No.

² Pursuant to [§275.17-5 \(d\)\(1\)\(iv\)](#), certain broker-dealers are exempt from annual reporting requirements.

³ Refer to joint [AICPA/CAQ alert](#) “SEC/PCAOB Independence Rules for Non-Issuer Audit and Attestation Engagements” for more information regarding SEC and PCAOB independence standards applicable to nonissuers.

⁴ See March 28, 2014, CFTC’s Division of Swap Dealer and Intermediary Oversight (DSIO) *Interpretative Guidance Regarding Auditor Independence* ([release PR6897-14](#)).

⁵ For non-issuers only (also see footnote 1). As SDR’s audited financial statements are not subject to the PCAOB inspection, AICPA standards will apply as well.

⁶ For non-issuers only (also see footnote 1). As of January 2015, the Financial Stability Oversight Council has designated eight companies as SIFMUs. The first two are regulated by the Federal Reserve Board, the next two by the CFTC, and the remaining four by the SEC; the last three are all subsidiaries of the Depository Trust & Clearing Corporation (DTCC), a U.S. post-trade financial services company providing clearing and settlement services.

1. The Clearing House Payments Company – “on the basis of its role as operator of the Clearing House Interbank Payments System” (CHIPS)
2. CLS Bank International – world’s largest multicurrency cash settlement system
3. Chicago Mercantile Exchange – subsidiary of the CME Group, the world’s largest futures exchange
4. ICE Clear Credit – subsidiary of Intercontinental Exchange (ICE), the second largest futures exchange after CME
5. Options Clearing Corporation
6. Depository Trust Company – subsidiary of Depository Trust & Clearing Corporation (DTCC)
7. Fixed Income Clearing Corporation – DTCC subsidiary
8. National Securities Clearing Corporation - DTCC subsidiary

⁷ Until further CFTC rulemaking, FCMs and IBs will file an internal control report per CFTC Regulation 1.16 with CFTC.

⁸ The CFTC Reg. 5.12 requirement for independent public accountant performing audit for RFEDs incorporates by reference the portion of CFTC Reg 1.16 applicable to FCMs. As a result, the audit requirements under CFTC Reg. 1.16 applicable for FCMs, by reference would be duplicated for RFEDs.