

Please note that the comments expressed herein are solely my personal views

Public Company Accounting Oversight Board  
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- **Release No. 2011-004**
- **PCAOB Rulemaking Docket Matter No. 035**
- **Proposed Standards for Attestation Engagements Related to Broker and Dealer Compliance or Exemption Reports Required by the U.S. Securities and Exchange Commission and Related Amendments to PCAOB Standards**

Dear Sir,

Thank you for giving us the opportunity to comment on your Proposed Standards for Attestation Engagements Related to Broker and Dealer Compliance or Exemption Reports Required by the U.S. Securities and Exchange Commission and Related Amendments to PCAOB Standards. I generally support these proposals, and their underlying rationale. The proposals will enhance the auditor's review of broker-dealers' internal controls, with particular emphasis on their custody practices. This should therefore act to enhance broker-dealers' safeguarding of investors' assets.

I have already commented on the SEC's proposed rule on Broker-Dealer Reports.<sup>1</sup> My comments thereon are also pertinent to these proposals.<sup>2</sup> I have some specific comments here, which I will address in answer to your specific questions.

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<sup>1</sup> See SEC file no. S7-23-11 Broker-Dealer Reports at: <http://www.sec.gov/rules/proposed/2011/34-64676.pdf>

<sup>2</sup> See my comment letter at: <http://www.sec.gov/comments/s7-23-11/s72311-4.pdf>

**Answers to specific questions raised by the PCAOB**

1. I agree that the proposed attestation standards are tailored appropriately for examinations and reviews related to compliance and exemption reports of brokers and dealers.
2. The proposed attestation standards are proportionate and appropriately scalable based on the size and complexity of the broker or dealer. For example, paragraphs 12 and 13 of Appendix 1 are particularly helpful in this regard.
3. I support that the requirements in the proposed attestation standards are sufficient and complete to clearly describe the auditor's responsibilities.
4. Paragraph 4 of Appendix 1 states that: "The auditor is not required to express an opinion on the process the broker or dealer used to arrive at the conclusions stated in the broker's or dealer's assertions". Given the increased focus on custody practices and the main objective of safeguarding of investor's assets, I believe that the auditor should provide an opinion on the broker-dealer's process for arriving at assertions. This should provide useful information about the adequacy and robustness of the broker-dealer's process and better manage expectations regarding broker-dealers' ongoing compliance with the Financial Responsibility Rules. I believe that this could help to further promote investor confidence in this arena.

Yours faithfully

C.R.B.

Chris Barnard