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April 23, 2012

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington, D.C. 20006-2803

RE: PCAOB Rulemaking Docket Matter No. 39, *Proposed Amendments to Conform the Board's Rules and Forms to the Dodd-Frank Act and make Certain Updates and Clarifications,* PCAOB Release No. 2012-002

Dear Office of the Secretary:

Crowe Horwath LLP appreciates the opportunity to comment on the Public Company Accounting Oversight Board's (PCAOB) or (Board) "*Proposed Amendments to Conform the Board's Rules and Forms to the Dodd-Frank Act and make Certain Updates and Clarifications*" (Proposed Amendments).

We share the overall goal of enhancing audit quality for audits of brokers and dealers. Having robust professional practice standards is critical to enhancing audit quality. We believe there are several items within the proposed amendments which do not impact audit quality or do so at a cost that is beyond the benefit considering the associated risk, and we have described those in the following comments.

Application to Non-issuer Introducing Broker Dealers

The PCAOB's rules, as modified by the proposed Amendments, would apply to all broker dealers. We believe that the PCAOB's quality control, ethics, and independence standards should not apply to the audit and attestation engagements of non-issuer introducing broker dealers. Introducing broker dealers usually are smaller entities that have little or no access to investor funds and generally present little, if any, investor risk. Therefore, the cost of subjecting them and their auditors to the same requirements that apply to issuers and carrying or clearing broker dealers and their auditors would outweigh the benefits to the investing public.

Rule 3523 Tax Services to Persons in Financial Reporting Oversight Roles

The Board requested comment on whether the Rule 3523 prohibition on tax services for persons in financial reporting oversight roles should continue to be limited to issuer audit clients.

We believe that Rule 3523 should be limited to issuer audit clients. The investing public is not trading on the financial results of the Broker or Dealer, thus the audit of a Broker or Dealer presents different risks compared to an issuer and does not require the same independence requirements as issuers. The SEC has acknowledged this difference, for example, by limiting the audit partner rotation requirement to issuers. Such tax services do not impair independence with respect to a broker or dealer and does not create a mutuality of interest. In the preparation of personal income tax returns, the CPA is helping the individual comply with tax law and rules. Additionally, Rule 3523 would result in increased costs to small business, particularly for small brokers and dealers set up as a single member Limited Liability Company or sole proprietorship. In these instances, the brokers and dealers would have to have to terminate existing business relationships and hire a second firm to review financial information that has already

been audited at the business level in order to provide the personal tax services thus duplicating the effort and resulting costs.

Question Regarding Audit Fee Information on Form 2

The proposed amendment release poses the question "Should firms be required to report audit fee information for broker and dealer audit clients on an ongoing basis on Form 2?"

We do not believe that firms should be required to report audit fee information for broker and dealer audit clients on an ongoing basis on Form 2. Registrants with the Securities and Exchange Commission (SEC) already have a requirement to publicly disclose auditor fees in categories consistent with the PCAOB's current auditor fee reporting requirement on Form 2 making it less time consuming to compile and report this information. Brokers and dealers do not currently have such a requirement and thus, it would impose a new time consuming burden on the broker or dealer to compile and analyze the information increasing the cost of compliance with little benefit.

Proposed Rule on Form 3 Item 3.3 Issuer Auditor Changes

The proposed amendment item 3.3 c. adds a requirement to report whether the former client's audit committee recommended or approved the decision to change Firms. We believe that this requirement should not be adopted as the Firm may not be informed directly by the audit committee of its decision. The Firm may be informed of the decision by management of the issuer, not the audit committee. If the requirement is maintained, we recommend that an option be included to report a response that the Firm was not informed of the decision by the audit committee. The matter should also be clarified to not include the situations where the Firm resigned or declined to stand for reappointment as the audit committee's approval is not relevant.

The proposed amendment item 3.3 d. adds a requirement to report whether during the former client's two most fiscal years there were disagreements with the Firm on various financial accounting and auditing matters if not resolved to the satisfaction of the firm would have caused the firm to make reference to the subject matter of the disagreement in connection with its audit report. We believe that this requirement should not be adopted as the Firm may not be informed by the issuer of any disagreement that may have existed. If the requirement is maintained, we recommend that an option be included to report a response that the Firm was not informed of any disagreements as described above by the audit committee.

The proposed amendment release poses the question "Would it be appropriate to require separate notice to the Commission's Office of the Chief Accountant only if the issuer has not filed timely filed an SEC Form 8-K?" We support amending the requirement to require separate notice to the SEC's Office of the Chief Accountant only if the issuer has not timely filed an SEC Form 8-K.

Proposed Rule 3400T. Interim Quality Control Standards (b)

The proposed amendment to 3400T (b) deletes "(1)" in regard to (n) of the AICPA SEC Practice Section Reference Manual in section 1000.08. The interim standard adopted by the PCAOB was limited to section (n)(1). Since the existing rule refers to the AICPA SEC Practice Section's Requirements of Membership in existence on April 16, 2003 in the AICPA SEC Practice Section Reference Manual, removing the (1) appears to remove that limitation and thus, the proposed rule would include all of SECPS 1000.08 n. This adds section (n)(2) which provides "report annually, pursuant to SECPS 1000.08g (3), the name and the country of the foreign associated firms, if any, for which for which the SECPS member firm has been advised by written representation from its international organization or the individual foreign associated firms that such policies and procedures have been established", which rule was not originally adopted by the PCAOB. We understand the intent of the PCAOB was to keep the rule meaning as originally adopted. We recommend the proposed rule included in the Proposed Amendments be revised, and explanatory text be added to clarify the PCAOB's intent.

Effective Date and Transition

The Board has indicated it will delay the date of required compliance with the proposed amendments to Rules 3521 through 3526 until the SEC determines that the PCAOB auditing, attestation, and related professional practice standards should be applied in the audits of brokers and dealers included in filings with the SEC. A delayed compliance date is appropriate in these circumstances.

We understand that the SEC intends to put Rule 17a-5 in place for audits of years ending December 31, 2012. It is likely that the planning and interim work for audits of brokers and dealers may be substantially completed at the time Rule 17a-5 is released by the SEC. If Rule 17a-5 is not released by July of 2012, we recommend the Board move the effective date of its rule changes to 2013 to minimize the implementation challenges of applying PCAOB rules and standards to the in process 2012 audits of brokers and dealers.

We also recommend the Board provide a transition period for any rule changes regarding auditor independence. A transition period similar to that contained in the current Note to Rule 3523 would be reasonable.

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Crowe Horwath LLP supports the Board's efforts to enhancing audit quality for audits of brokers and dealers. We hope that our comments and observations will assist the Board in its consideration of the matters in the proposed amendments.

Cordially,

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