

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

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Actuary

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- **Release No. 2012-002**
- **PCAOB Rulemaking Docket Matter No. 039**
- **Proposed Amendments to Conform the Board's Rules and Forms to the Dodd-Frank Act and Make Certain Updates and Clarifications**

Dear Sir,

Thank you for giving us the opportunity to comment on your: Proposed Amendments to Conform the Board's Rules and Forms to the Dodd-Frank Act and Make Certain Updates and Clarifications. The proposed amendments tailor certain of your rules to the audits and auditors of brokers and dealers: in these cases the proposed amendments closely track the statutory language. Finally, the proposals update a number of your rules in light of administrative experience.

In general I support the proposed amendments, which should strengthen and clarify the regulatory oversight of brokers and dealers and help to improve the monitoring of the financial condition of brokers and dealers. I have one comment and suggestion for improvement regarding brokers and dealers.

Proposed Rule 3501(a)(v) defines "audit committee" as follows: "The term "audit committee" means a committee (or equivalent body) established by and among the board of directors of an entity for the purpose of overseeing the accounting and financial reporting processes of

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the entity and audits of the financial statements of the entity; if no such committee exists with respect to an entity, the entire board of directors of the entity. For audits of nonissuers, if no such committee or board of directors (or equivalent body) exists with respect to the entity, those persons designated to oversee the accounting and financial reporting processes of the entity and audits of the financial statements of the entity.”

This proposed definition is broadly consistent with the definition of “audit committee” in section 2(a)(3) of the Sarbanes-Oxley Act of 2002. However, given the large variation in size, type, responsibility and complexity of brokers and dealers (for example, whether they carry customer accounts or not), I would strongly recommend one wording change to the proposed definition of “audit committee” as follows: “The term “audit committee” means a committee (or equivalent body) established by and among the board of directors of an entity for the purpose of overseeing the accounting, financial reporting and controlling processes of the entity and audits of the financial statements of the entity; if no such committee exists with respect to an entity, the entire board of directors of the entity. For audits of nonissuers, if no such committee or board of directors (or equivalent body) exists with respect to the entity, those persons designated to oversee the accounting, financial reporting and controlling processes of the entity and audits of the financial statements of the entity.” I believe that this is a more sufficient and complete definition of “audit committee” as it pertains to brokers and dealers.

Yours faithfully

C.R.B.

Chris Barnard