



February 14, 2011

Office of the Secretary
Public Company Accounting Oversight Board
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Re: PCAOB Rulemaking Docket Matter No. 32, *Proposed Temporary Rule for an Interim Program of Inspection Related to Audits of Brokers and Dealers*

Dear Board Members and Staff:

We appreciate the opportunity to comment on the Public Company Accounting Oversight Board's (Board) *Proposed Temporary Rule for an Interim Program of Inspection Related to Audits of Brokers and Dealers* and respectfully submit our comments and recommendations thereon.

We support the temporary inspection program related to audits of broker-dealers, particularly because such a program is intended to influence the development of more permanent inspection rules and, at the same time, evaluate a registered public accounting firm's adherence to applicable standards and other professional requirements. We believe the temporary program should include the various classes of broker-dealers in order for the Board to make informative decisions related to the permanent program. However, we would encourage the Board to develop a risk profile for the various classes of broker-dealer entities and focus the interim inspections on those deemed of higher risk. In that regard, we suggest seeking input from industry and profession groups to assist the Board in identifying and weighting the appropriate risk factors.

The Board has appropriately acknowledged the professional standards that currently apply to audits of broker-dealers. We believe that the temporary inspection program must carefully take into consideration these professional standards. Inspectors will need to be knowledgeable of the broker-dealer industry, as well as understand the guidance provided by the American Institute of Certified Public Accountant's (AICPA) *Audit Guide for Brokers and Dealers in Securities*. As professional standards have and will continue to evolve, inspection findings should be based on what is currently required, while bearing in mind what might need to change to further protect the public interest. In this regard, we believe that the Board should be cautious about setting new standards prior to the completion of the temporary inspection program, including consideration and discussion of the findings with profession and firm representatives, such as the AICPA Stockbrokerage and Investment Banking Expert Panel.

We also agree with the proposed mechanisms for providing feedback to the inspected firms and the issuance of a formal report that describes the progress of the temporary inspection program and the Board's significant observations. However, we strongly recommend that the Board keep separate the process for reporting on inspections of a registered firm's audits of issuers, as we are concerned that combining the communication of findings may result in report issuance delays and potential confusion in interpreting the PCAOB's comments.

We would be pleased to discuss our letter with you. If you have any questions, please contact Karin A. French, National Managing Partner of Professional Standards, at (312) 602-9160.

Sincerely,

