
Frequently Asked Questions
The Broker-Dealer Accounting Support Fee and the Funding Process

These frequently asked questions (“FAQs”) set forth the Public Company Accounting Oversight Board’s (“PCAOB” or “Board”) staff’s views on issues related to the implementation of the PCAOB funding rules as they relate to brokers and dealers. The statements contained in these FAQs are not rules of the Board, nor have they been approved by the Board.

If you have a question related to the broker-dealer accounting support fee and/or the funding process that is not addressed in these FAQs, please contact the PCAOB staff by phone at 1-202-207-9294 (Business Days: 9:00 a.m. to 5:00 p.m. ET) or by email at Billing@pcaobus.org.

- **General FAQs**
- **Outstanding Balance Status FAQs**

General FAQs

1. Where can I find the PCAOB’s funding rules?

The PCAOB’s funding rules are in Section 7 of the PCAOB’s Rules and are available at https://pcaobus.org/Rules/Pages/Section_7.aspx.

2. Which brokers and dealers are assessed a share of the broker-dealer accounting support fee greater than \$0?

All brokers and dealers, as those terms are defined in Section 110 of the Sarbanes-Oxley Act of 2002, as amended (the “Act”), as of the date the allocation of the annual broker-dealer accounting support fee is calculated for an applicable year (the “Calculation Date”),¹ are subject to the broker-dealer accounting support fee for that year.

Generally, brokers and dealers whose average, quarterly tentative net capital is greater than \$5 million during the preceding calendar year and who are required to file audited financial statements with the U.S. Securities and Exchange Commission (“Commission”) are allocated a share of the broker-dealer accounting support fee greater than \$0. All brokers and dealers, as of the date the broker-dealer accounting support fee is calculated, (i) that have a basis under the federal securities laws, a Commission rule, or pursuant to other action of the Commission or its staff, not to file audited financial statements with the Commission or (ii) whose average, quarterly tentative net capital is \$5 million or

^{1/} The Calculation Date for an applicable year can be found on each issued invoice.

less during the preceding calendar year are allocated a share of the broker-dealer accounting support fee equal to \$0.

For further information, see PCAOB Rules 7102 and 7103.

3. Why is the allocation of the broker-dealer accounting support fee determined using tentative net capital?

The Board's funding rules require that the allocation of the broker-dealer accounting support fee be based on "tentative net capital," which is defined in the Board's rules to have the same meaning that the term has in Rule 15c3-1(c)(15) under the Securities Exchange Act of 1934, as amended. This definition generally provides that the "tentative net capital" of a broker or dealer is its net capital before deducting certain securities haircuts and changes in inventory used in calculating the broker's or dealer's net capital.

The Board uses tentative net capital reported by brokers and dealers on their quarterly Financial and Operational Combined Uniform Single ("FOCUS") reports to determine the allocation of the broker-dealer accounting support fee.

4. How is a broker's or dealer's share of the broker-dealer accounting support fee calculated?

Pursuant to PCAOB Rule 7102(b), brokers and dealers are allocated a share of the broker-dealer accounting support fee based on their relative average, quarterly tentative net capital. A broker's or dealer's share is calculated by dividing its average, quarterly tentative net capital during the preceding calendar year by the sum of the average, quarterly tentative net capital of all brokers and dealers with average, quarterly tentative net capital greater than \$5 million during the preceding calendar year.

5. How can my company dispute its share of the broker-dealer accounting support fee?

If a broker or dealer disagrees with the class, as defined in PCAOB Rule 7102(a), in which it was placed for billing purposes, or with the calculation by which its share of the fee was determined, it may petition the Board, pursuant to PCAOB Rule 7103(c), for a correction of its allocated share. Petitions must: (i) include an explanation of the nature of the claimed mistake in classification or calculation, (ii) be in writing, and (iii) be filed with the Board on or before the 60th day after the initial invoice is sent or within such longer period as the Board allows for good cause shown. The Board will notify the broker or dealer of its decision on the petition in writing. For information regarding how to formally submit a petition, please contact the PCAOB staff by phone (1-202-207-9294) or by email (Billing@pcaobus.org).

6. If I believe that the tentative net capital on FOCUS reports used by the PCAOB to calculate my company's share of the broker-dealer accounting support fee is inaccurate, what can I do to have the data corrected?

The Board uses tentative net capital reported by brokers and dealers on their quarterly FOCUS reports to calculate the allocation of the broker-dealer accounting support fees. This data provides a common basis upon which to determine the combined average, quarterly tentative net capital amount of all

brokers and dealers. If you believe that your company's tentative net capital information was reported incorrectly, please contact the PCAOB at Billing@pcaobus.org.

7. I believe the PCAOB's calculation of the average, quarterly tentative net capital amount for my company should be based on amounts not reported on my company's quarterly FOCUS reports or should be based on the monthly tentative net capital amounts. If I provide that data to the PCAOB, may I have my company's share of the broker-dealer accounting support fee recalculated using that data?

No. Under the PCAOB's funding rules, the average, quarterly tentative net capital for brokers and dealers is based on the average, quarterly tentative net capital amount reported by each broker or dealer on their quarterly FOCUS reports. This data provides a common basis upon which to determine the combined average, quarterly tentative net capital amount of all brokers and dealers.

8. Does interest accrue if payment is not received when due?

Yes. PCAOB Rule 7104(a) states that "payment shall be due on the 30th day after the invoice is sent" unless the Board directs otherwise. Generally, the invoice date is the date on which the invoice was sent. If payment is not received by the 30th day after the initial invoice is sent, payment shall be deemed past due and interest shall begin to accrue at a rate of 6 percent per annum. See ***Outstanding Balance Status FAQs*** below for further information pertaining to past-due payments.

9. My company ceased being a "broker" or "dealer" after the Calculation Date of an applicable year. Does my company still have to pay its share of the broker-dealer accounting support fee assessed in that year?

Yes. Under the PCAOB's funding rules, if your company meets the definition of "broker" or "dealer" as of the Calculation Date of an applicable year, your company is subject to the broker-dealer accounting support fee for that year. The fact that your company ceased to be a "broker" or "dealer" after the Calculation Date of an applicable year does not relieve your company of its responsibility for its share of the broker-dealer accounting support fee assessed in that year.

10. My company ceased being a "broker" or "dealer" before the Calculation Date of an applicable year. Does my company still have to pay its share of the broker-dealer accounting support fee assessed in that year?

No. Under the PCAOB's funding rules, if your company does not meet the definition of "broker" or "dealer" as of the Calculation Date of an applicable year, your company is not subject to the broker-dealer accounting support fee assessed in that year. If you believe that your company was not a "broker" or "dealer" as of the Calculation Date of an applicable year and it received an invoice, please contact the PCAOB at Billing@pcaobus.org.

Outstanding Balance Status FAQs

11. What prohibitions apply to my auditor if my company has an outstanding past-due share of the broker-dealer accounting support fee?

PCAOB Rule 7104(b)(1) provides that a registered public accounting firm is prohibited from (i) signing an unqualified audit opinion with respect to a broker's or dealer's financial statements, (ii) issuing a consent to include an audit opinion issued previously, or (iii) signing a document, report, notice, or other record concerning procedures or controls of any broker or dealer required under the securities laws (collectively, the "auditor services described in PCAOB Rule 7104(b)") unless the registered public accounting firm has ascertained that the broker or dealer has no outstanding past-due share of the broker-dealer accounting support fee or has a petition pursuant to PCAOB Rule 7103(c) pending.

12. Are there any exceptions to the auditor prohibitions under PCAOB Rule 7104(b)(1)?

Yes. There are three exceptions to the auditor prohibitions under PCAOB Rule 7104(b)(1).

First, PCAOB Rule 7103(c) allows a broker or dealer, under certain circumstances, to petition for correction of its allocated share of the broker-dealer accounting support fee. If a broker or dealer has a petition for correction pending, PCAOB Rule 7104(b)(1) does not prohibit a registered public accounting firm from providing the auditor services described in PCAOB Rule 7104(b).

Second, PCAOB Rule 7104(b)(2) permits a one-time exception if a broker or dealer has a past-due share of the broker-dealer accounting support fee and has not filed a petition under PCAOB Rule 7103(c) if the broker or dealer needs the audit report or consent in order to submit a report to, or make a filing with, the Commission.^{2/} This exception may be invoked only once per assessment of the broker-dealer accounting support fee.

Third, until further notice, the Board will not enforce PCAOB Rule 7104(b)(1) against a registered public accounting firm that provides the auditor services described in PCAOB Rule 7014(b) to a broker or dealer whose outstanding past-due share of the broker-dealer accounting support fee is less than \$50.

13. If a broker or dealer has paid its past-due share of the broker-dealer accounting support fee, but not accrued interest, may an auditor sign an unqualified opinion or provide any other auditor services described in PCAOB Rule 7104(b)?

No. Interest, which accrues from the date that payment is past due, represents the time value of the share of the broker-dealer accounting support fee that should have been paid and is therefore treated, for purposes of PCAOB Rule 7104, as part of the assessed share of the broker-dealer accounting support fee. Accordingly, unless one of the exceptions described in FAQ #12 above applies, the auditor may not provide the auditor services described in PCAOB Rule 7104(b).

^{2/} If this exception is invoked, the registered public accounting firm shall submit to the Board a notice of the signing of the opinion or issuance of the consent no later than the next business day after the filing is made with the Commission. The notice must be submitted electronically by email to Rule7104Stay@pcaobus.org. This exception shall continue no longer than 15 business days after the earlier of the date of the notice's submission or the filing of the report with the Commission. See PCAOB Rule 7104(b)(2) and Note 2 to PCAOB Rule 7104(b) for more information. The exception provided by PCAOB Rule 7104(b)(2) does not in any way modify the broker's or dealer's legal obligation to pay its share of the broker-dealer accounting support fee.

14. How may an auditor ascertain that a broker or dealer has no outstanding past-due share of the broker-dealer accounting support fee?

There are three ways that an auditor may ascertain that a broker or dealer has no outstanding past-due share of the broker-dealer accounting support fee.

First, a registered public accounting firm may ascertain that a broker or dealer has no outstanding past-due share of the broker-dealer accounting support fee by obtaining a management representation from the broker or dealer. An auditor may rely solely on such representation to determine whether it may provide to the broker or dealer the auditor services described in PCAOB Rule 7104(b).

Second, a registered public accounting firm may obtain an affirmation from the PCAOB staff that a broker or dealer has no outstanding past-due share of the broker-dealer accounting support fee by contacting the PCAOB staff by phone at 1-202-207-9294 (Business Days: 9:00 a.m. to 5:00 p.m. ET) or by email at Confirm@pcaobus.org. An auditor may rely on such an affirmation to determine whether it may provide to a broker or dealer the auditor services described in PCAOB Rule 7104(b).

Third, the PCAOB posts a list of brokers and dealers that have no outstanding past-due share of the broker-dealer accounting support fee on its website at https://pcaobus.org/about/administration/documents/support_fee/broker-dealer-accounting-support-fee.pdf. An auditor may rely on this list to determine whether it may provide to a broker or dealer the auditor services described in PCAOB Rule 7014(b). However, the fact that a broker or dealer is not included on this list is not necessarily a reason for an auditor to believe that a management representation is inaccurate, as discussed below.

15. If a broker or dealer is not on the list of brokers and dealers that have no outstanding past-due share of the broker-deal accounting support fee on the PCAOB's website, does that mean it has a past-due share of the broker-dealer accounting support fee?

Not necessarily. A period of time may pass between when a payment is received by the PCAOB and when the list is updated to reflect that payment. In addition, many brokers and dealers are allocated a share of the broker-dealer accounting support fee equal to \$0 under the Board's funding rules. These brokers or dealers are not included on this list even though they have no outstanding past-due share of the broker-dealer accounting support fee.

16. If a broker or dealer has received an invoice for a share of the broker-dealer accounting support fee but payment is not yet due, may its auditor sign an unqualified audit report for that broker or dealer?

If a broker's or dealer's share of the broker-dealer accounting support fee is not yet due, and the broker or dealer has no outstanding past-due share of the broker-dealer accounting support fee from a prior year, its auditor can provide the auditor services described in PCAOB Rule 7104(b), including signing an unqualified audit report.