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1 “(II) a description of the applica-
2 ble information systems and controls
3 of the foreign auditor oversight au-
4 thority; and

5 “(III) a description of the laws
6 and regulations of the foreign govern-
7 ment of the foreign auditor oversight
8 authority that are relevant to informa-
9 tion access; and

10 “(iii) the Board determines that it is
11 appropriate to share such information.”.

12 (c) CONFORMING AMENDMENT.—Section
13 105(b)(5)(A) of the Sarbanes-Oxley Act of 2002 (15
14 U.S.C. 7215(b)(5)(A)) is amended by striking “subpara-
15 graph (B)” and inserting “subparagraphs (B) and (C)”.

16 **SEC. 982. OVERSIGHT OF BROKERS AND DEALERS.**

17 (a) DEFINITIONS.—

18 (1) DEFINITIONS AMENDED.—Title I of the
19 Sarbanes-Oxley Act of 2002 (15 U.S.C. 7201 et
20 seq.) is amended by adding at the end the following
21 new section:

22 **“SEC. 110. DEFINITIONS.**

23 “For the purposes of this title, the following defini-
24 tions shall apply:

1 “(1) AUDIT.—The term ‘audit’ means an exam-
2 ination of the financial statements, reports, docu-
3 ments, procedures, controls, or notices of any issuer,
4 broker, or dealer by an independent public account-
5 ing firm in accordance with the rules of the Board
6 or the Commission, for the purpose of expressing an
7 opinion on the financial statements or providing an
8 audit report.

9 “(2) AUDIT REPORT.—The term ‘audit report’
10 means a document, report, notice, or other record—

11 “(A) prepared following an audit per-
12 formed for purposes of compliance by an issuer,
13 broker, or dealer with the requirements of the
14 securities laws; and

15 “(B) in which a public accounting firm ei-
16 ther—

17 “(i) sets forth the opinion of that firm
18 regarding a financial statement, report, no-
19 tice, or other document, procedures, or
20 controls; or

21 “(ii) asserts that no such opinion can
22 be expressed.

23 “(3) BROKER.—The term ‘broker’ means a
24 broker (as such term is defined in section 3(a)(4) of
25 the Securities Exchange Act of 1934 (15 U.S.C.

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1 78c(a)(4))) that is required to file a balance sheet,
2 income statement, or other financial statement
3 under section 17(e)(1)(A) of such Act (15 U.S.C.
4 78q(e)(1)(A)), where such balance sheet, income
5 statement, or financial statement is required to be
6 certified by a registered public accounting firm.

7 “(4) DEALER.—The term ‘dealer’ means a
8 dealer (as such term is defined in section 3(a)(5) of
9 the Securities Exchange Act of 1934 (15 U.S.C.
10 78c(a)(5))) that is required to file a balance sheet,
11 income statement, or other financial statement
12 under section 17(e)(1)(A) of such Act (15 U.S.C.
13 78q(e)(1)(A)), where such balance sheet, income
14 statement, or financial statement is required to be
15 certified by a registered public accounting firm.

16 “(5) PROFESSIONAL STANDARDS.—The term
17 ‘professional standards’ means—

18 “(A) accounting principles that are—

19 “(i) established by the standard set-
20 ting body described in section 19(b) of the
21 Securities Act of 1933, as amended by this
22 Act, or prescribed by the Commission
23 under section 19(a) of that Act (15 U.S.C.
24 17a(s)) or section 13(b) of the Securities

1 Exchange Act of 1934 (15 U.S.C. 78a(m));

2 and

3 “(ii) relevant to audit reports for par-
4 ticular issuers, brokers, or dealers, or dealt
5 with in the quality control system of a par-
6 ticular registered public accounting firm;

7 and

8 “(B) auditing standards, standards for at-
9 testation engagements, quality control policies
10 and procedures, ethical and competency stand-
11 ards, and independence standards (including
12 rules implementing title II) that the Board or
13 the Commission determines—

14 “(i) relate to the preparation or
15 issuance of audit reports for issuers, bro-
16 kers, or dealers; and

17 “(ii) are established or adopted by the
18 Board under section 103(a), or are pro-
19 mulgated as rules of the Commission.

20 “(6) SELF-REGULATORY ORGANIZATION.—The
21 term ‘self-regulatory organization’ has the same
22 meaning as in section 3(a) of the Securities Ex-
23 change Act of 1934 (15 U.S.C. 78c(a)).”.

24 (2) CONFORMING AMENDMENT.—Section 2(a)
25 of the Sarbanes-Oxley Act of 2002 (15 U.S.C.

1 7201(a)) is amended in the matter preceding para-
2 graph (1), by striking “In this” and inserting “Ex-
3 cept as otherwise specifically provided in this Act, in
4 this”.

5 (b) ESTABLISHMENT AND ADMINISTRATION OF THE
6 PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD.—
7 Section 101 of the Sarbanes-Oxley Act of 2002 (15 U.S.C.
8 7211) is amended—

9 (1) by striking “issuers” each place that term
10 appears and inserting “issuers, brokers, and deal-
11 ers”; and

12 (2) in subsection (a)—

13 (A) by striking “public companies” and in-
14 serting “companies”; and

15 (B) by striking “for companies the securi-
16 ties of which are sold to, and held by and for,
17 public investors”.

18 (c) REGISTRATION WITH THE BOARD.—Section 102
19 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7212) is
20 amended—

21 (1) in subsection (a)—

22 (A) by striking “Beginning 180” and all
23 that follows through “101(d), it” and inserting
24 “It”; and

1 (B) by striking “issuer” and inserting
2 “issuer, broker, or dealer”;

3 (2) in subsection (b)—

4 (A) in paragraph (2)(A), by striking
5 “issuers” and inserting “issuers, brokers, and
6 dealers”; and

7 (B) by striking “issuer” each place that
8 term appears and inserting “issuer, broker, or
9 dealer”.

10 (d) AUDITING AND INDEPENDENCE.—Section 103(a)
11 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7213(a))
12 is amended—

13 (1) in paragraph (1), by striking “and such eth-
14 ics standards” and inserting “such ethics standards,
15 and such independence standards”;

16 (2) in paragraph (2)(A)(iii), by striking “de-
17 scribe in each audit report” and inserting “in each
18 audit report for an issuer, describe”; and

19 (3) in paragraph (2)(B)(i), by striking
20 “issuers” and inserting “issuers, brokers, and deal-
21 ers”.

22 (e) INSPECTIONS OF REGISTERED PUBLIC ACCOUNT-
23 ING FIRMS.—

1 (1) AMENDMENTS.—Section 104(a) of the Sar-
2 banes-Oxley Act of 2002 (15 U.S.C. 7214(a)) is
3 amended—

4 (A) by striking “The Board shall” and in-
5 serting the following:

6 “(1) INSPECTIONS GENERALLY.—The Board
7 shall”; and

8 (B) by adding at the end the following:

9 “(2) INSPECTIONS OF AUDIT REPORTS FOR
10 BROKERS AND DEALERS.—

11 “(A) The Board may, by rule, conduct and
12 require a program of inspection in accordance
13 with paragraph (1), on a basis to be determined
14 by the Board, of registered public accounting
15 firms that provide one or more audit reports for
16 a broker or dealer. The Board, in establishing
17 such a program, may allow for differentiation
18 among classes of brokers and dealers, as appro-
19 priate.

20 “(B) If the Board determines to establish
21 a program of inspection pursuant to subpara-
22 graph (A), the Board shall consider in estab-
23 lishing any inspection schedules whether dif-
24 fering schedules would be appropriate with re-
25 spect to registered public accounting firms that

1 issue audit reports only for one or more brokers
2 or dealers that do not receive, handle, or hold
3 customer securities or cash or are not a mem-
4 ber of the Securities Investor Protection Cor-
5 poration.

6 “(C) Any rules of the Board pursuant to
7 this paragraph shall be subject to prior ap-
8 proval by the Commission pursuant to section
9 107(b) before the rules become effective, includ-
10 ing an opportunity for public notice and com-
11 ment.

12 “(D) Notwithstanding anything to the con-
13 trary in section 102 of this Act, a public ac-
14 counting firm shall not be required to register
15 with the Board if the public accounting firm is
16 exempt from the inspection program which may
17 be established by the Board under subpara-
18 graph (A).”.

19 (2) CONFORMING AMENDMENT.—Section
20 17(e)(1)(A) of the Securities Exchange Act of 1934
21 (15 U.S.C. 78q(e)(1)(A)) is amended by striking
22 “registered public accounting firm” and inserting
23 “independent public accounting firm, or by a reg-
24 istered public accounting firm if the firm is required

1 to be registered under the Sarbanes-Oxley Act of
2 2002.”.

3 (f) INVESTIGATIONS AND DISCIPLINARY PRO-
4 CEEDINGS.—Section 105(c)(7)(B) of the Sarbanes-Oxley
5 Act of 2002 (15 U.S.C. 7215(c)(7)(B)) is amended—

6 (1) in the subparagraph heading, by inserting
7 “, BROKER, OR DEALER” after “ISSUER”;

8 (2) by striking “any issuer” each place that
9 term appears and inserting “any issuer, broker, or
10 dealer”; and

11 (3) by striking “an issuer under this sub-
12 section” and inserting “a registered public account-
13 ing firm under this subsection”.

14 (g) FOREIGN PUBLIC ACCOUNTING FIRMS.—Section
15 106(a) of the Sarbanes-Oxley Act of 2002 (15 U.S.C.
16 7216(a)) is amended—

17 (1) in paragraph (1), by striking “issuer” and
18 inserting “issuer, broker, or dealer”; and

19 (2) in paragraph (2), by striking “issuers” and
20 inserting “issuers, brokers, or dealers”.

21 (h) FUNDING.—Section 109 of the Sarbanes-Oxley
22 Act of 2002 (15 U.S.C. 7219) is amended—

23 (1) in subsection (c)(2), by striking “subsection
24 (i)” and inserting “subsection (j)”;

25 (2) in subsection (d)—

1 (A) in paragraph (2), by striking “allowing
2 for differentiation among classes of issuers, as
3 appropriate” and inserting “and among brokers
4 and dealers, in accordance with subsection (h),
5 and allowing for differentiation among classes
6 of issuers, brokers and dealers, as appropriate”;
7 and

8 (B) by adding at the end the following:

9 “(3) BROKERS AND DEALERS.—The Board
10 shall begin the allocation, assessment, and collection
11 of fees under paragraph (2) with respect to brokers
12 and dealers with the payment of support fees to
13 fund the first full fiscal year beginning after the
14 date of enactment of the Investor Protection and Se-
15 curities Reform Act of 2010.”;

16 (3) by redesignating subsections (h), (i), and (j)
17 as subsections (i), (j), and (k), respectively; and

18 (4) by inserting after subsection (g) the fol-
19 lowing:

20 “(h) ALLOCATION OF ACCOUNTING SUPPORT FEES
21 AMONG BROKERS AND DEALERS.—

22 “(1) OBLIGATION TO PAY.—Each broker or
23 dealer shall pay to the Board the annual accounting
24 support fee allocated to such broker or dealer under
25 this section.

1 “(2) ALLOCATION.—Any amount due from a
2 broker or dealer (or from a particular class of bro-
3 kers and dealers) under this section shall be allo-
4 cated among brokers and dealers and payable by the
5 broker or dealer (or the brokers and dealers in the
6 particular class, as applicable).

7 “(3) PROPORTIONALITY.—The amount due
8 from a broker or dealer shall be in proportion to the
9 net capital of the broker or dealer (before or after
10 any adjustments), compared to the total net capital
11 of all brokers and dealers (before or after any ad-
12 justments), in accordance with rules issued by the
13 Board.”.

14 (i) REFERRAL OF INVESTIGATIONS TO A SELF-REGU-
15 LATORY ORGANIZATION.—Section 105(b)(4)(B) of the
16 Sarbanes-Oxley Act of 2002 (15 U.S.C. 7215(b)(4)(B))
17 is amended—

18 (1) by redesignating clauses (ii) and (iii) as
19 clauses (iii) and (iv), respectively; and

20 (2) by inserting after clause (i) the following:

21 “(ii) to a self-regulatory organization,
22 in the case of an investigation that con-
23 cerns an audit report for a broker or deal-
24 er that is under the jurisdiction of such
25 self-regulatory organization;”.

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1 (j) USE OF DOCUMENTS RELATED TO AN INSPEC-
2 TION OR INVESTIGATION.—Section 105(b)(5)(B)(ii) of the
3 Sarbanes-Oxley Act of 2002 (15 U.S.C. 7215(b)(5)(B)(ii))
4 is amended—

5 (1) in subclause (III), by striking “and” at the
6 end;

7 (2) in subclause (IV), by striking the comma
8 and inserting “; and”; and

9 (3) by inserting after subclause (IV) the fol-
10 lowing:

11 “(V) a self-regulatory organiza-
12 tion, with respect to an audit report
13 for a broker or dealer that is under
14 the jurisdiction of such self-regulatory
15 organization,”.

16 **SEC. 983. PORTFOLIO MARGINING.**

17 (a) ADVANCES.—Section 9(a)(1) of the Securities In-
18 vestor Protection Act of 1970 (15 U.S.C. 78fff3(a)(1)) is
19 amended by inserting “or options on commodity futures
20 contracts” after “claim for securities”.

21 (b) DEFINITIONS.—Section 16 of the Securities In-
22 vestor Protection Act of 1970 (15 U.S.C. 78lll) is amend-
23 ed—

24 (1) by striking paragraph (2) and inserting the
25 following: