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Engagements

The alert outlines rules applicable to financial statement audit and attestation engagements undertaken for non-issuers.

Nov. 19, 2014

The [Center for Audit Quality](#) (CAQ) and the [American Institute of CPAs](#) (AICPA) have issued an alert that provides audit firms with an overview of [Securities and Exchange Commission](#) (SEC) and [Public Company Accounting Oversight Board](#) (PCAOB) independence rules. The alert outlines rules applicable to financial statement audit and attestation engagements undertaken for the following non-issuers:

- Non-issuer broker-dealers that are registered with the SEC as a broker or dealer; and
- Where the engagement(s) is subject to the requirements of SEC Rule 206(4)-2 (17 CFR 275.206(4)-2) ("Custody Rule"), SEC-registered and state-registered investment advisers, related party custodians, or private funds (e.g., pooled investment vehicles).

The alert addresses the following:

1. Applicability of SEC Independence Rules
2. Financial Statement Preparation
3. Applicability of PCAOB Independence Rules
4. Other Engagements Subject to SEC or PCAOB Independence Rules

"Independence is a cornerstone of audit quality," said CAQ Executive Director Cindy Fornelli. "This alert is an important reminder for firms to review the applicable rules and regulations, and to revisit their organization's policies on this critical issue, as needed."

“While we often associate the independence rules with the audits of issuers, auditors

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[Futures Commission Merchants, Including Those That Are Dually-Registered](#)”), issued May 12, 2014. While these alerts aim to highlight areas of focus, they should not be relied upon as definitive or all-inclusive and should be read together with the applicable rules, regulatory updates, standards, and guidance in their entirety.

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