



May 15, 2026

By email to comments@pcaobus.org

Lorene Rosenberg
Chief Strategy Officer
Office of the Chief Operating Officer
Public Company Accounting Oversight Board
1666 K Street, NW
Washington, DC 20006

RE: PCAOB No. 2026-001: Request for Public Comment on PCAOB Strategic Priorities

Dear Ms. Rosenberg:

On behalf of the North American Securities Administrators Association, Inc. (“NASAA”),¹ I am writing in response to Public Company Accounting Oversight Board (“PCAOB” or the “Board”) Request for Public Comment No. 2006-001,² which seeks input on the PCAOB’s next strategic plan (“Strategic Plan”). I write to underscore the PCAOB’s importance in promoting confidence in the quality of financial reporting and to encourage the Board to include improving broker-dealer audit quality as a distinct goal in the Strategic Plan.

The PCAOB plays a critical role in maintaining the integrity of our capital markets by setting rigorous audit standards and overseeing the audits of public companies and broker-dealers. By inspecting audit firms, the PCAOB promotes high-quality audits, a bedrock for investor protection. In particular, the PCAOB’s attestation standards for broker-dealer audits sets the bar for broker-dealer financial controls and accountability, maintaining trust in financial reporting and the health of the brokerage industry.

In 2010, as part of the Dodd-Frank Act, Congress expanded the Board’s regulatory authority to include auditors of broker-dealers registered with the U.S. Securities and Exchange Commission.³ The PCAOB began implementing these new responsibilities immediately, including

¹ Organized in 1919, NASAA is the oldest international organization devoted to investor protection. NASAA’s membership consists of the securities administrators in the 50 states, the District of Columbia, Canada, México, Puerto Rico, the U.S. Virgin Islands, and Guam. NASAA is the voice of securities agencies responsible for grass-roots investor protection and efficient capital formation.

² The request for public comment is publicly available at [PCAOB No. 2026-001, Request for Public Comment: PCAOB Strategic Priorities](#) (Mar. 31, 2026).

³ See [Dodd-Frank Wall Street Reform and Consumer Protection Act](#), Pub. L. No. 111-203 § 982(b) (2010).

by instituting an interim inspection program for broker-dealer audits in 2011.⁴ However, none of the PCAOB's strategic plans since 2011 has listed broker-dealer audits as a specific Board priority.⁵ And by the PCAOB's own account, broker-dealer audit quality remains an area of concern.

The Board's latest annual report of broker-dealer audit quality found "high deficiency rates in [broker-dealer] examination, review, and audit engagements, which continue to be a cause for significant concern."⁶ In sum, the PCAOB found deficiencies in 76% of broker-dealer audit engagements it reviewed.⁷ NASAA appreciates that the PCAOB focused its reviews on auditors it perceived to be higher risk and so this deficiency rate may not be indicative of overall broker-dealer audit quality industry-wide. Nonetheless, this high deficiency rate suggests to us that more emphasis here is needed. A further indication is that the deficiency trend has been heading in the wrong direction recently; *i.e.*, deficiency rates were higher in 2024 (76%) than in 2023 (70%) or 2022 (58%).⁸

We understand the Board intends to propose final rules for its broker-dealer inspection program this year, permitting the PCAOB to sunset the interim inspection program it has been operating under since 2011.⁹ As part of this formalization of the PCAOB's ruleset, we would encourage the Board to expressly identify improving broker-dealer audit quality as a discrete goal in the new Strategic Plan. We also appreciate, though, that the Board's resources are finite.

The PCAOB therefore could consider narrowing this goal as expressed in the Strategic Plan to improving audit quality of custodial broker-dealers, as an audit failure at one of these broker-dealers would pose a much greater risk to investors than a failure at a non-custodial firm (which a Board member has noted).¹⁰ Alternatively, the Board could focus its attention on smaller audit firms, which have comparatively higher broker-dealer audit deficiency rates than the largest

⁴ See Press Release, [PCAOB Adopts Interim Inspection Program for Broker-Dealer Audits and Broker and Dealer Funding Rules](#) (Jun. 14, 2011).

⁵ Previous strategic plans included broker-dealer audits within their overall scope but did not distinguish these types of audits from public company audits. See [PCAOB Strategic Plans](#).

⁶ [PCAOB Release No. 2005-002](#), *Annual Report on the Interim Inspection Program Related to Audits of Brokers and Dealers* at 5 (Jun. 13, 2025).

⁷ *Id.* at 8.

⁸ *See id.*

⁹ [PCAOB Standard-Setting, Research and Rulemaking Projects](#) (last viewed May 11, 2026).

¹⁰ See Mark A. Calabria, [Remarks at the 2026 Chicago Forum on Auditing in the Small Business Environment and on Auditing Broker-Dealers](#) (Apr. 21, 2026) ("As we move forward, I believe we should carefully evaluate whether PCAOB registration and inspection efforts are appropriately focused on auditors of broker-dealers that provide custody of customer assets, where the risk to investors is most direct and significant.").

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firms.¹¹ Regardless of how broadly or narrowly the Board scopes this objective, though, we believe improving broker-dealer audit quality warrants express mention in the Strategic Plan.

Thank you for considering our views. Should you have any questions about this letter, please contact the undersigned or NASAA's General Counsel, Vince Martinez, at (202) 737-0900.

Sincerely,

A handwritten signature in black ink that reads "Marni Rock Gibson". The signature is written in a cursive, flowing style with a horizontal line at the end.

Marni Rock Gibson
NASAA President

¹¹ See [PCAOB Release No. 2025-003](#), *Supplementary Information Related to Audits of Brokers and Dealers Firms and Engagements Selected, and Inspection Results* at 11 (Jun. 13, 2025) (showing that deficiency rates at the largest audit firms were materially lower than deficiency rates at smaller firms).