

## broker-dealer management and reporting services

To remain successful and relevant in today's economic and regulatory climate, it is imperative for broker-dealers to identify professional service providers that will prepare them to respond and adapt.

**DHG'S BROKER-DEALER MANAGEMENT AND REPORTING SERVICES** help to lighten the ever mounting burden of new and changing Securities & Exchange Commission rules and regulations. We understand the compliance and reporting challenges faced in today's world, that's why we offer an extensive suite of process transformation services to improve the operations of institutional broker dealers and FCMs. DHG has delivered large scale prime brokerage, securities lending, and F&O process optimization engagements leveraging many different technology solutions, including low code providers. Our team members are equipped with both product/functional experience coupled with technology abilities to provide the best value to our clients. **WE'RE HERE WHEN YOU NEED US.**

### SERVICE OFFERINGS

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#### Data Management

- Develop a FOCUS Report to SEC and CFTC Rule Matrices for all applicable regulations
- Analyze data used to produce reporting vs rules, guidance, and firm interpretations
- Recommend and implement remediation for data, rule, and documentation gaps for reporting function
- Provide blueprint for automation based on the review of FOCUS report construction logic

#### Covert from Weekly to Daily Computations

- Implement controls to ensure accuracy and consistency
- Incorporate mechanisms to manage the data used
- Increase employment engagement
- Reduce handling/cycling times for tasks
- Interview and develop a thorough process understanding

#### Implement New Processes

- Create process flows to explain the system
- Provide project management
- Implement new processes through training & documentation

#### Perform Regulatory Functions

- Interim staffing to perform regulatory tasks
- Training new and existing staff on tasks
- Review processes and provide guidance

#### Training & Education

- Develop learning objectives
- Customize training to comply with requirements
- Create documentation to be used outside the classroom
- Provide a consistent methodology of training

#### Comply with New Requirements

- Develop and implement controls
- Implement processes and perform periodic testing
- Provide training to staff on requirements

#### Additional Services

- Assurance advisory
- Tax compliance & consulting

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## IMPORTANT TO KNOW

### **Conversion from Weekly Rule 15c3-3 Computations to Daily Computations**

The reserve computation is performed weekly to identify customer related payables and receivables, when payables exceed receivables, the amount is reserved in a special bank account that is to be used exclusively for the benefit of customers. In theory this weekly computation along with possession or control requirements serve to protect customer assets. Due to the fluctuation of the markets and the variability of customer activity, performing a weekly computation could leave the broker dealer in the position of having to self-fund the reserve requirements in the seven day period between the computations. Due to this potential liquidity issue, many firms would like the ability to perform the computation on a more frequent basis so as to have the reserve deposits more closely represent the net customer payables. Typically, the process for computing the weekly reserve requirement involves several staff members gathering large amounts of data, analyzing the data to explain variances and consolidating into a computation schedule. The process not only involves the regulatory reporting staff but various groups within brokerage operations. These computations are thoroughly examined by the regulators and under new SEC requirements, any shortfall in the amount reserved would be noted in the firm's annual financial statement filings.

### **Consulting, Interim Staffing, Review of Net Capital, Review of Customer Reserve Computations, Merger & Acquisition Conversions and Staff Support**

An efficient Regulatory Reporting Group can save your firm time and money. Staffing of open positions can take months and special projects often leave regulatory groups with interim staffing needs. By having knowledgeable interim resources available to your firm, you can feel assured that the regulatory requirements are being satisfied while your permanent staff are consumed working on firm initiatives.

### **Rule 17a-5 Regulatory Controls**

During 2013, the SEC released amendments to Rule 17a-5 which require a broker dealer to file a compliance report with their annual financial statements. The compliance report states that the firm was in compliance with certain financial responsibility rules that deal with customer protection and adequate capitalization of the broker dealer. The firm's independent auditor must examine certain statements in the compliance report to ensure accurate representation.

### **Policies and Procedures**

The objective of policies and procedures is to document an organization's procedures for specific operations. Policies and procedures answer the questions of what is the process and how the process is completed. Having written documentation allows for consistent treatment across the organization, this also helps to create an internal control framework. The internal controls are what management relies upon to ensure the firm's objectives are being met.

### **Process Implementation**

Organizations often create a team of subject matter experts that will define or redefine work processes. This new way of working will then be rolled out to employees to own and bring about the results anticipated. While many organizations have the subject matter expertise to perform the new functions, they lack the ability to effectively manage the implementation process.

### **Training and Education**

Formal training and education programs exist for stock brokers. Outside of the formal registered representative training programs, many firms have a need to train employees on regulations and brokerage processes that are critical to the firm.

Dixon Hughes Goodman LLP (“DHG”) combines deep industry experience, comprehensive offerings and a strong commitment to personal service. As part of Praxity™, a worldwide alliance of independent firms, we provide global resources with the responsiveness and approachability that only personal relationships can deliver. Our consulting and advisory clients include Fortune 500 companies across a variety of industries in all 50 states and internationally.

At DHG, we understand the complexities and challenges of delivering both regulatory and strategic change initiatives. We offer a fresh perspective and innovative solutions to your most complex risk, compliance, and regulatory concerns.

Comprehensive offerings, exceptional client service and a global network of professionals—that’s DHG.

## Local relationships, global resources.

Between the evolving regulatory landscape and the fast-paced, technologically-driven nature of today’s business world, organizations are under great pressure to rethink how they manage risk. At DHG, preserving and enhancing the financial health of your company is a priority. This is why our Consulting Group applies a structured and personal approach to help you navigate today’s complex business environment.

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countries

**700+**  
offices

**47,600+**  
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