

FINOP REPORTING & SUPERVISORY SERVICES

S.D. Daniels & Co., P.C. (“SDDCO-PC”), the founding entity of The SDDCO Group, provides regulatory reporting and supervisory services tailored to the needs of broker-dealers. Every broker/dealer is required to maintain the services of a FINRA Series 27 Financial and Operations Principal (“FinOp”). A FinOp oversees the books and records and monitors a FINRA member firm’s adherence to industry net capital rules, investor protections, and others rules and regulations.

THE OUTSOURCED FINOP ROLE

Regulators permit a licensed, outside individual to fulfill the FinOp role. Outsourcing this role financially benefits brokerage firms choosing to engage an experienced, part-time FinOp consultant over hiring that level of talent, fulltime, in-house.

As a CPA firm providing FinOp services since the 80's, SDDCO-PC brings three decades of experience to US SEC registered broker-dealers of all sizes, as well as foreign based broker-dealers operating in the US under the SEC exemption, Rule 15a-6.

SDDCO-PC can assume the FinOp function of your broker/dealer, assist the functions of your in-house FinOp or serve as your FinOp-CFO.

▲ FinOp Services for Broker/Dealers:

An SDDCO-PC FinOp can be engaged to perform and supervise all aspects of this mandatory function for FINRA member broker-dealers. Our retained FinOp service includes the periodic on-site and offsite supervision of your books and records, monthly accounting and net capital computations, best practices facilitation, and the filing of all mandated reports.

Financial Duties

- Oversight of the member broker/dealer’s books and records;
- Preparation of accurate, timely financial statements and the supervision of those who assist;
- Oversight/execution of duties per 1934 Securities Exchange Act & SEC uniform net capital rules;
- Computation of the monthly net capital and all related items; and
- Monitoring of net capital compliance reporting.

Authority Assistance

- Interface with outside auditors during an audit exam; and
- Interface with regulators, as needed.

FINRA Filings

- Financial and Operational Combined Uniform (“FOCUS”) Report, monthly or quarterly, and related Schedule I, annually;
- Supplemental Statement of Income (“SSOI”) and supplemental schedule off-balance sheets (“OBS”) due quarterly;
- Securities Investor Protection Corporation (“SIPC”) Report, semiannually;
- FINRA Annual Assessment Report, and other filings as required.

▲ FinOp New Firm Services:

SDDCO-PC can assist you and your personnel during the pre-membership phase of your FINRA registering broker-dealer as follows:

- Presenting advice related to setting up the books and records of the broker-dealer;
- Creating an initial chart of accounts via your QuickBooks or other software program;
- Reviewing for preparing the books and records to prepare trial balances, balance sheets, net capital computations, and supporting documents, as required by the application process;
- Facilitating your budget preparations by providing you with a standard budget format used by many in the securities industry and assist in projecting amounts, including allocation methodology for shared costs, for each line item in the budget;
- Furnishing accounting guidance to your legal counsel in the preparation of the required Supervisory Procedures Manual as it relates to the duties of the FinOp; and
- Aiding you with your formal business plan, a required part of your FINRA application, as it relates to the duties of the FinOp.

▲ FinOp CFO Services:

SDDCO-PC can serve as your FinOp-CFO, whereby a licensed professional can be retained to service your firm on-site, as often as weekly, to manage more deeply a variety of financial and business operations responsibilities as they present. Services may include: start-up management, strategic business & financial planning; cost reduction improvements; contract negotiation & administration; banking relationship management; risk assessment and advising; and taxation and audit facilitation.

▲ Assistant FinOp Services:

For those with an in-house FinOp, SDDCO-PC can support and oversee the role of your designated FinOp to accomplish the many required duties, computations, and filings. The “designated” FinOp is the Series 27 licensed professional on record with FINRA and ultimately responsible for the financial and operational duties of the firm. For varying reasons, a firm’s designated in-house FinOp often requires additional on-site and off-site support.

▲ Reporting Review Services:

SDDCO-PC can be engaged to review your firm’s regulatory reporting—such as the monthly or quarterly net capital and FOCUS report and the quarterly SSOI and OBS. We can provide ongoing consulting related to the firm’s regulatory filings, net capital procedures, and accounting systems.