

on Form 8-K (or any successor thereto) to require the immediate disclosure, by means of the filing of such form, dissemination by the Internet or by other electronic means, by any issuer of any change in or waiver of the code of ethics for senior financial officers.

(c) Definition

In this section, the term “code of ethics” means such standards as are reasonably necessary to promote—

(1) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(2) full, fair, accurate, timely, and understandable disclosure in the periodic reports required to be filed by the issuer; and

(3) compliance with applicable governmental rules and regulations.

(d) Deadline for rulemaking

The Commission shall—

(1) propose rules to implement this section, not later than 90 days after July 30, 2002; and

(2) issue final rules to implement this section, not later than 180 days after July 30, 2002.

(Pub. L. 107-204, title IV, § 406, July 30, 2002, 116 Stat. 789.)

§ 7265. Disclosure of audit committee financial expert

(a) Rules defining “financial expert”

The Commission shall issue rules, as necessary or appropriate in the public interest and consistent with the protection of investors, to require each issuer, together with periodic reports required pursuant to sections 78m(a) and 78o(d) of this title, to disclose whether or not, and if not, the reasons therefor, the audit committee of that issuer is comprised of at least 1 member who is a financial expert, as such term is defined by the Commission.

(b) Considerations

In defining the term “financial expert” for purposes of subsection (a), the Commission shall consider whether a person has, through education and experience as a public accountant or auditor or a principal financial officer, controller, or principal accounting officer of an issuer, or from a position involving the performance of similar functions—

(1) an understanding of generally accepted accounting principles and financial statements;

(2) experience in—

(A) the preparation or auditing of financial statements of generally comparable issuers; and

(B) the application of such principles in connection with the accounting for estimates, accruals, and reserves;

(3) experience with internal accounting controls; and

(4) an understanding of audit committee functions.

(c) Deadline for rulemaking

The Commission shall—

(1) propose rules to implement this section, not later than 90 days after July 30, 2002; and

(2) issue final rules to implement this section, not later than 180 days after July 30, 2002.

(Pub. L. 107-204, title IV, § 407, July 30, 2002, 116 Stat. 790.)

§ 7266. Enhanced review of periodic disclosures by issuers

(a) Regular and systematic review

The Commission shall review disclosures made by issuers reporting under section 78m(a) of this title (including reports filed on Form 10-K), and which have a class of securities listed on a national securities exchange or traded on an automated quotation facility of a national securities association, on a regular and systematic basis for the protection of investors. Such review shall include a review of an issuer’s financial statement.

(b) Review criteria

For purposes of scheduling the reviews required by subsection (a), the Commission shall consider, among other factors—

(1) issuers that have issued material restatements of financial results;

(2) issuers that experience significant volatility in their stock price as compared to other issuers;

(3) issuers with the largest market capitalization;

(4) emerging companies with disparities in price to earning ratios;

(5) issuers whose operations significantly affect any material sector of the economy; and

(6) any other factors that the Commission may consider relevant.

(c) Minimum review period

In no event shall an issuer required to file reports under section 78m(a) or 78o(d) of this title be reviewed under this section less frequently than once every 3 years.

(Pub. L. 107-204, title IV, § 408, July 30, 2002, 116 Stat. 790.)

CHAPTER 99—NATIONAL CONSTRUCTION SAFETY TEAM

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§ 7301. National Construction Safety Teams

(a) Establishment

The Director of the National Institute of Standards and Technology (in this chapter referred to as the “Director”) is authorized to establish National Construction Safety Teams (in this chapter referred to as a “Team”) for deploy-

ment after events causing the failure of a building or buildings that has resulted in substantial loss of life or that posed significant potential for substantial loss of life. To the maximum extent practicable, the Director shall establish and deploy a Team within 48 hours after such an event. The Director shall promptly publish in the Federal Register notice of the establishment of each Team.

(b) Purpose of investigation; duties

(1) Purpose

The purpose of investigations by Teams is to improve the safety and structural integrity of buildings in the United States.

(2) Duties

A Team shall—

(A) establish the likely technical cause or causes of the building failure;

(B) evaluate the technical aspects of evacuation and emergency response procedures;

(C) recommend, as necessary, specific improvements to building standards, codes, and practices based on the findings made pursuant to subparagraphs (A) and (B); and

(D) recommend any research and other appropriate actions needed to improve the structural safety of buildings, and improve evacuation and emergency response procedures, based on the findings of the investigation.

(c) Procedures

(1) Development

Not later than 3 months after October 1, 2002, the Director, in consultation with the United States Fire Administration and other appropriate Federal agencies, shall develop procedures for the establishment and deployment of Teams. The Director shall update such procedures as appropriate. Such procedures shall include provisions—

(A) regarding conflicts of interest related to service on the Team;

(B) defining the circumstances under which the Director will establish and deploy a Team;

(C) prescribing the appropriate size of Teams;

(D) guiding the disclosure of information under section 7306 of this title;

(E) guiding the conduct of investigations under this chapter, including procedures for providing written notice of inspection authority under section 7303(a) of this title and for ensuring compliance with any other applicable law;

(F) identifying and prescribing appropriate conditions for the provision by the Director of additional resources and services Teams may need;

(G) to ensure that investigations under this chapter do not impede and are coordinated with any search and rescue efforts being undertaken at the site of the building failure;

(H) for regular briefings of the public on the status of the investigative proceedings and findings;

(I) guiding the Teams in moving and preserving evidence as described in section 7303(a)(4), (b)(2), and (d)(4) of this title;

(J) providing for coordination with Federal, State, and local entities that may sponsor research or investigations of building failures, including research conducted under the Earthquake Hazards Reduction Act of 1977 [42 U.S.C. 7701 et seq.]; and

(K) regarding such other issues as the Director considers appropriate.

(2) Publication

The Director shall publish promptly in the Federal Register final procedures, and subsequent updates thereof, developed under paragraph (1).

(Pub. L. 107-231, §2, Oct. 1, 2002, 116 Stat. 1471; Pub. L. 107-305, §15, Nov. 27, 2002, 116 Stat. 2381.)

REFERENCES IN TEXT

This chapter, referred to in subsecs. (a) and (c)(1)(E), (G), was in the original “this Act”, meaning Pub. L. 107-231, Oct. 1, 2002, 116 Stat. 1471, known as the National Construction Safety Team Act, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note below and Tables.

The Earthquake Hazards Reduction Act of 1977, referred to in subsec. (c)(1)(J), is Pub. L. 95-124, Oct. 7, 1977, 91 Stat. 1098, as amended, which is classified generally to chapter 86 (§7701 et seq.) of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 7701 of Title 42 and Tables.

AMENDMENTS

2002—Subsec. (c)(1)(D). Pub. L. 107-305, which directed the substitution of “section 7306 of this title;” for “section 7307 of this title;” in subsec. (c)(1)(d), was executed to subsec. (c)(1)(D), to reflect the probable intent of Congress.

SHORT TITLE

Pub. L. 107-231, §1, Oct. 1, 2002, 116 Stat. 1471, provided that: “This Act [enacting this chapter and amending section 281a of this title] may be cited as the ‘National Construction Safety Team Act.’”

§ 7302. Composition of Teams

Each Team shall be composed of individuals selected by the Director and led by an individual designated by the Director. Team members shall include at least 1 employee of the National Institute of Standards and Technology and shall include other experts who are not employees of the National Institute of Standards and Technology, who may include private sector experts, university experts, representatives of professional organizations with appropriate expertise, and appropriate Federal, State, or local officials. Team members who are not Federal employees shall be considered Federal Government contractors.

(Pub. L. 107-231, §3, Oct. 1, 2002, 116 Stat. 1472.)

§ 7303. Authorities

(a) Entry and inspection

In investigating a building failure under this chapter, members of a Team, and any other person authorized by the Director to support a Team, on display of appropriate credentials provided by the Director and written notice of inspection authority, may—

(1) enter property where a building failure being investigated has occurred, or where