

(E) any recommendations of the Commission for improving the transparency and quality of reporting off-balance sheet transactions in the financial statements and disclosures required to be filed by an issuer with the Commission.

(Pub. L. 107-204, title IV, § 401, July 30, 2002, 116 Stat. 785.)

#### CODIFICATION

Section is comprised of section 401 of Pub. L. 107-204. Subsec. (a) of section 401 of Pub. L. 107-204 amended section 78m of this title.

### § 7262. Management assessment of internal controls

#### (a) Rules required

The Commission shall prescribe rules requiring each annual report required by section 78m(a) or 78o(d) of this title to contain an internal control report, which shall—

(1) state the responsibility of management for establishing and maintaining an adequate internal control structure and procedures for financial reporting; and

(2) contain an assessment, as of the end of the most recent fiscal year of the issuer, of the effectiveness of the internal control structure and procedures of the issuer for financial reporting.

#### (b) Internal control evaluation and reporting

With respect to the internal control assessment required by subsection (a), each registered public accounting firm that prepares or issues the audit report for the issuer, other than an issuer that is an emerging growth company (as defined in section 78c of this title), shall attest to, and report on, the assessment made by the management of the issuer. An attestation made under this subsection shall be made in accordance with standards for attestation engagements issued or adopted by the Board. Any such attestation shall not be the subject of a separate engagement.

#### (c) Exemption for smaller issuers

Subsection (b) shall not apply with respect to any audit report prepared for an issuer that is neither a “large accelerated filer” nor an “accelerated filer” as those terms are defined in Rule 12b-2 of the Commission (17 C.F.R. 240.12b-2).

(Pub. L. 107-204, title IV, § 404, July 30, 2002, 116 Stat. 789; Pub. L. 111-203, title IX, § 989G(a), July 21, 2010, 124 Stat. 1948; Pub. L. 112-106, title I, § 103, Apr. 5, 2012, 126 Stat. 310.)

#### AMENDMENTS

2012—Subsec. (b). Pub. L. 112-106 inserted “, other than an issuer that is an emerging growth company (as defined in section 78c of this title),” before “shall attest to”.

2010—Subsec. (c). Pub. L. 111-203 added subsec. (c).

#### EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111-203 effective 1 day after July 21, 2010, except as otherwise provided, see section 4 of Pub. L. 111-203, set out as an Effective Date note under section 5301 of Title 12, Banks and Banking.

### § 7263. Exemption

Nothing in section 401, 402, or 404, the amendments made by those sections, or the rules of

the Commission under those sections shall apply to any investment company registered under section 80a-8 of this title.

(Pub. L. 107-204, title IV, § 405, July 30, 2002, 116 Stat. 789.)

#### REFERENCES IN TEXT

Sections 401, 402, and 404, referred to in text, mean sections 401, 402, and 404 of Pub. L. 107-204. Section 401 enacted section 7261 of this title and amended section 78m of this title. Section 402 amended section 78m of this title. Section 404 enacted section 7262 of this title.

### § 7264. Code of ethics for senior financial officers

#### (a) Code of ethics disclosure

The Commission shall issue rules to require each issuer, together with periodic reports required pursuant to section 78m(a) or 78o(d) of this title, to disclose whether or not, and if not, the reason therefor, such issuer has adopted a code of ethics for senior financial officers, applicable to its principal financial officer and controller or principal accounting officer, or persons performing similar functions.

#### (b) Changes in codes of ethics

The Commission shall revise its regulations concerning matters requiring prompt disclosure 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, comptroller, 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 deployment 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—