

TITLE 15 - COMMERCE AND TRADE
CHAPTER 98 - PUBLIC COMPANY ACCOUNTING REFORM AND CORPORATE RESPONSIBILITY
SUBCHAPTER IV - ENHANCED FINANCIAL DISCLOSURES

§ 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) of this section, 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.)