

**(3) Censure of Board members; removal from office**

The Commission may, as necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of this Act or the securities laws, remove from office or censure any person who is, or at the time of the alleged misconduct was, a member of the Board, if the Commission finds, on the record, after notice and opportunity for a hearing, that such member—

- (A) has willfully violated any provision of this Act, the rules of the Board, or the securities laws;
- (B) has willfully abused the authority of that member; or
- (C) without reasonable justification or excuse, has failed to enforce compliance with any such provision or rule, or any professional standard by any registered public accounting firm or any associated person thereof.

(Pub. L. 107-204, title I, § 107, July 30, 2002, 116 Stat. 765; Pub. L. 111-203, title IX, § 929F(i), July 21, 2010, 124 Stat. 1855.)

**Editorial Notes**

**REFERENCES IN TEXT**

This Act and the Sarbanes-Oxley Act of 2002, referred to in text, are Pub. L. 107-204, July 30, 2002, 116 Stat. 745. Title I of the Act is classified generally to this subchapter. For complete classification of this Act to the Code, see Tables.

**CONSTITUTIONALITY**

For information regarding the constitutionality of certain provisions of this section, see the Table of Laws Held Unconstitutional in Whole or in Part by the Supreme Court on the Constitution Annotated website, constitution.congress.gov.

**AMENDMENTS**

2010—Subsec. (d)(3). Pub. L. 111-203 substituted “any person who is, or at the time of the alleged misconduct was, a member” for “any member” in introductory provisions.

**Statutory Notes and Related Subsidiaries**

**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.

**§ 7218. Accounting standards**

**(a) Omitted**

**(b) Commission authority**

The Commission shall promulgate such rules and regulations to carry out section 77s(b) of this title as it deems necessary or appropriate in the public interest or for the protection of investors.

**(c) No effect on Commission powers**

Nothing in this Act, including this section and the amendment made by this section, shall be construed to impair or limit the authority of the Commission to establish accounting principles or standards for purposes of enforcement of the securities laws.

**(d) Study and report on adopting principles-based accounting**

**(1) Study**

**(A) In general**

The Commission shall conduct a study on the adoption by the United States financial reporting system of a principles-based accounting system.

**(B) Study topics**

The study required by subparagraph (A) shall include an examination of—

- (i) the extent to which principles-based accounting and financial reporting exists in the United States;
- (ii) the length of time required for change from a rules-based to a principles-based financial reporting system;
- (iii) the feasibility of and proposed methods by which a principles-based system may be implemented; and
- (iv) a thorough economic analysis of the implementation of a principles-based system.

**(2) Report**

Not later than 1 year after July 30, 2002, the Commission shall submit a report on the results of the study required by paragraph (1) to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives.

(Pub. L. 107-204, title I, § 108, July 30, 2002, 116 Stat. 768.)

**Editorial Notes**

**REFERENCES IN TEXT**

This Act, referred to in subsec. (c), is Pub. L. 107-204, July 30, 2002, 116 Stat. 745, known as the Sarbanes-Oxley Act of 2002. For complete classification of this Act to the Code, see Tables.

**CODIFICATION**

Section is comprised of section 108 of Pub. L. 107-204. Subsec. (a) of section 108 of Pub. L. 107-204 amended section 77s of this title.

**§ 7219. Funding**

**(a) In general**

The Board, and the standard setting body designated pursuant to section 77s(b) of this title, shall be funded as provided in this section.

**(b) Annual budgets**

The Board and the standard setting body referred to in subsection (a) shall each establish a budget for each fiscal year, which shall be reviewed and approved according to their respective internal procedures not less than 1 month prior to the commencement of the fiscal year to which the budget pertains (or at the beginning of the Board’s first fiscal year, which may be a short fiscal year). The budget of the Board shall be subject to approval by the Commission. The budget for the first fiscal year of the Board shall be prepared and approved promptly following the appointment of the initial five Board members, to permit action by the Board of the organizational tasks contemplated by section 7211(d) of this title.