

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.)

**Editorial Notes**

**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).

**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.

**§ 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.)

**Editorial Notes**

**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, 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;