

CODES & PRACTICES

Sarbanes Oxley Act of 2002

M.COM II SEM

UNIT V DATE 23/04/20

LECTURE-14

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Sarbanes Oxley Act of 2002

- To develop an act on Corporate Governance, one hundred seventh congress of the U.S.A. at the second session begun and held at the city of Washington on 23 January, 2002. The act was framed to protect investors by improving the accuracy and reliability of corporate disclosures made pursuant to the securities laws and for other purposes. This 'Sarbanes Oxley Act of 2002' has eleven titles.

TITLES

I. PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

- This board is established- . . . ' ' - to oversee the audit of public companies - to protect the interests of investors and further the public interest.

II. AUDITOR INDEPENDENCE

- All the auditing services and non-audit services, provided to an issuer by the auditor of the issuer shall be pre-approved by the audit committee of the issuer.

III CORPORATE RESPONSIBILITY

- The Commission shall issue rules, in the public interest and for the protection of investors, setting forth minimum standards of professional conduct for attorneys.

IV ENHANCED FINANCIAL DISCLOSURES

- The Commission shall review disclosures made by issuers. Such review shall include a review of an issuer's financial statement.

V ANALYST CONFLICTS OF INTEREST

- The Commission, a registered securities association or national securities exchange, shall have adopted rules reasonably designed to address conflicts of interest that can arise to improve the objectivity of research and provide investors more useful and reliable information.

VI COMMISSION RESOURCES AND AUTHORITY

- The Court has authority to prohibit persons from participating in an offering of penny stock i.e. any person engage in activities with a broker, dealer for purpose of trading, inducing or attempt to induce the purchase or sale.

VII STUDIES AND REPORTS

- The Comptroller General shall submit a report on the results of the study.

VIII CORPORATE AND CRIMINAL FRAUD ACCOUNTABILITY

- The person who knowingly alters, destroys, covers up, falsify or make any false entry in any record shall be fined under this title, imprisoned not more than 20 years, or both.

IX WHITE COLLAR CRIME PENALTY ENHANCEMENTS

Any person who attempts or conspires to commit or commit any offense shall be subject to the penalties.

X CORPORATE TAX RETURNS '

It is the sense of the Senate and the Federal income tax return of a corporation should be signed by the Chief Executive Officer of such corporation.

XI CORPORATE FRAUD ACCOUNTABILITY

A person who alters, destroys, conceals a record or document or obstructs, influences any official proceeding shall be fined under this title or imprisoned not more than 20 years, or both.