

107TH CONGRESS
2D SESSION

H. R. 3693

To prevent accountants from providing non-audit services to audit clients.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 7, 2002

Ms. JACKSON-LEE of Texas introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To prevent accountants from providing non-audit services to audit clients.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. AUDITOR PERFORMANCE OF NON-AUDIT FUNC-**
4 **TIONS.**

5 Section 13 of the Securities Exchange Act of 1934
6 (15 U.S.C. 78m) is amended by adding at the end the
7 following new subsection:

8 “(i) AUDITOR INDEPENDENCE.—

9 “(1) NON-AUDIT SERVICES PROHIBITED FOR
10 AUDIT CLIENTS.—The Commission shall, by rule,
11 prohibit an accountant from being treated as inde-

1 pendent with respect to an issuer for the purposes
2 of certifying any financial statement required to be
3 filed with the Commission under the securities laws
4 if the accountant performs non-audit services for
5 such issuer or an affiliate of such issuer.

6 “(2) COMMISSION TO DEFINE NON-AUDIT SERV-
7 ICES.—Consistent with the protection of investors
8 and the public interest, the Commission shall define
9 the term ‘non-audit services’ for purposes of this
10 subsection.

11 “(3) DEADLINE FOR RULEMAKING.—The Com-
12 mission shall prescribe regulations to implement this
13 subsection within 90 days after the date of enact-
14 ment of this subsection.

15 “(4) SECURITIES LAWS.—As used in this sub-
16 section, the term “securities laws”, notwithstanding
17 section 3(a)(47), means the Securities Act of 1933
18 (15 U.S.C. 78a et seq.), the Securities Exchange Act
19 of 1934 (15 U.S.C. 78a et seq.), the Trust Inden-
20 ture Act of 1939 (15 U.S.C. 77aaa et seq.), the In-
21 vestment Company Act of 1940 (15 U.S.C. 80a–1 et
22 seq.), the Investment Advisers Act of 1940 (15
23 U.S.C. 80b et seq.), and the Securities Investor Pro-
24 tection Act of 1970 (15 U.S.C. 78aaa et seq.).”.

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