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## NASDAQ WITHDRAWS PROPOSED “FINANCIAL EXPERT” REQUIREMENT

*By Dionne M. Rousseau and Izabela M. Chabinska*

On February 26, 2003, Nasdaq announced that it was withdrawing its proposal requiring that audit committees have a “financial expert,” as defined in the Sarbanes-Oxley Act of 2002 and related SEC rules. Nasdaq also clarified that a code of conduct under the proposed Nasdaq rules must include all elements required for a code of ethics under Sarbanes-Oxley and related SEC rules.

In withdrawing its proposed “financial expert” requirement, Nasdaq is retaining its existing rule requiring that at least one member of the audit committee have:

- past employment experience in finance or accounting;
- professional certification in accounting; or
- other comparable experience or background

which results in the individual’s financial sophistication, such as serving or having served as a chief executive officer, chief financial officer, or other senior officer with financial oversight responsibilities.

The effect of Nasdaq's withdrawal of its proposed financial expert requirement is that companies without a “financial expert” on their audit committees would no longer be subject to de-listing by Nasdaq. The SEC's final rules regarding audit committee financial experts also do not require companies to have a financial expert on their audit committees. ([Click here to link to our E\\*Zine regarding the SEC's final rules regarding audit committee financial experts.](#))

*Please remember that these legal principles may change and vary widely in their application to specific factual circumstances. You should consult with counsel about your individual circumstances. For further information regarding these issues you may contact the head of our Corporate and Securities practice group:*

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