

THE IMPACT OF U.S. REQUIREMENTS FOR AUDIT COMMITTEES
ON THE STRUCTURE AND MEMBERSHIP OF NON-U.S. AUDIT COMMITTEES

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ABSTRACT

Many non-U.S. national stock exchanges have amended their listing standards to require audit committees during the last two decades, while U.S. national stock exchanges have recently amended their listing standards in response to recommendations made by the Blue Ribbon Committee on improving the Effectiveness of Corporate Audit Committees (BRC). These new listing requirements for U.S. registrants (SEC Form 10-K filers) provide an opportunity to contrast and examine requirements for audit committee structure and membership of non-U.S. registrants (SEC Form 20-F filers). Recognizing that the International Accounting Standards Committee has identified a "core" set of basic accounting standards in international filings, accentuates the need to have uniform requirements for audit committees. This paper argues that requirements for audit committees should be consistent to improve financial reporting in a global securities marketplace. Results suggest that boards of directors and their audit committees of non-U.S. registrants need to exhibit greater alignment of their audit committee's structure and composition with the recent U.S. requirements for audit committees.