

Union Calendar No. 315

115TH CONGRESS
1ST SESSION

H. R. 1645

[Report No. 115–425]

To amend the Sarbanes-Oxley Act of 2002 to provide a temporary exemption for low-revenue issuers from certain auditor attestation requirements.

IN THE HOUSE OF REPRESENTATIVES

MARCH 21, 2017

Ms. SINEMA (for herself and Mr. HOLLINGSWORTH) introduced the following bill; which was referred to the Committee on Financial Services

NOVEMBER 28, 2017

Additional sponsors: Mr. HULTGREN, Mr. GOTTHEIMER, Mrs. WAGNER, Mr. PITTENGER, Mr. LUETKEMEYER, Mr. DELANEY, Mr. MASSIE, Mr. ROSS, Mr. EMMER, Mr. HILL, Mr. MACARTHUR, Mr. FOSTER, Mr. STIVERS, and Mr. MESSER

NOVEMBER 28, 2017

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To amend the Sarbanes-Oxley Act of 2002 to provide a temporary exemption for low-revenue issuers from certain auditor attestation requirements.

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. SHORT TITLE.**

4 This Act may be cited as the “Fostering Innovation
5 Act of 2017”.

6 **SEC. 2. TEMPORARY EXEMPTION FOR LOW-REVENUE**
7 **ISSUERS.**

8 Section 404 of the Sarbanes-Oxley Act of 2002 (15
9 U.S.C. 7262) is amended by adding at the end the fol-
10 lowing:

11 “(d) TEMPORARY EXEMPTION FOR LOW-REVENUE
12 ISSUERS.—

13 “(1) LOW-REVENUE EXEMPTION.—Subsection
14 (b) shall not apply with respect to an audit report
15 prepared for an issuer that—

16 “(A) ceased to be an emerging growth
17 company on the last day of the fiscal year of
18 the issuer following the fifth anniversary of the
19 date of the first sale of common equity securi-
20 ties of the issuer pursuant to an effective reg-
21 istration statement under the Securities Act of
22 1933;

23 “(B) had average annual gross revenues of
24 less than \$50,000,000 as of its most recently
25 completed fiscal year; and

1 “(C) is not a large accelerated filer.

2 “(2) EXPIRATION OF TEMPORARY EXEMP-
3 TION.—An issuer ceases to be eligible for the exemp-
4 tion described under paragraph (1) at the earliest
5 of—

6 “(A) the last day of the fiscal year of the
7 issuer following the tenth anniversary of the
8 date of the first sale of common equity securi-
9 ties of the issuer pursuant to an effective reg-
10 istration statement under the Securities Act of
11 1933;

12 “(B) the last day of the fiscal year of the
13 issuer during which the average annual gross
14 revenues of the issuer exceed \$50,000,000; or

15 “(C) the date on which the issuer becomes
16 a large accelerated filer.

17 “(3) DEFINITIONS.—For purposes of this sub-
18 section:

19 “(A) AVERAGE ANNUAL GROSS REVE-
20 NUES.—The term ‘average annual gross reve-
21 nues’ means the total gross revenues of an
22 issuer over its most recently completed three
23 fiscal years divided by three.

24 “(B) EMERGING GROWTH COMPANY.—The
25 term ‘emerging growth company’ has the mean-

1 ing given such term under section 3 of the Se-
2 curities Exchange Act of 1934 (15 U.S.C. 78c).

3 “(C) LARGE ACCELERATED FILER.—The
4 term ‘large accelerated filer’ has the meaning
5 given that term under section 240.12b–2 of title
6 17, Code of Federal Regulations, or any suc-
7 cessor thereto.”.

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