

AMENDMENT TO THE COMMITTEE PRINT**OFFERED BY** Waters

Strike all after the enacting clause and insert the following:

1 SECTION 1. SENSE OF CONGRESS.

2 (a) FINDINGS.—Congress finds the following:

3 (1) In 2001, the scandals at Enron and
4 WorldCom highlighted the need for increased trans-
5 parency at public companies, and increased scrutiny
6 of corporate accounting practices.

7 (2) In response to these needs, Congress en-
8 acted the Sarbanes-Oxley Act of 2002.

9 (3) The Dodd-Frank Wall Street Reform and
10 Consumer Protection Act of 2010 amended section
11 404 of the Sarbanes-Oxley Act of 2002 to exempt
12 nonaccelerated filers (including smaller reporting
13 companies) from the requirement to obtain an audi-
14 tors' report on management's assessment of the ef-
15 fectiveness of the company's internal control over fi-
16 nancial reporting.

17 (4) In April 2011, the Securities and Exchange
18 Commission, pursuant to the study under section
19 989G of the Dodd-Frank Wall Street Reform and

1 Consumer Protection Act of 2010, examined how the
2 Commission could reduce the burden of complying
3 with section 404(b) of Sarbanes-Oxley for companies
4 whose market capitalization is between \$75,000,000
5 and \$250,000,000 while maintaining investor protec-
6 tions for such companies and Commission staff
7 found that—

8 (A) the costs of section 404(b) have de-
9 clined since the Commission first implemented
10 the requirements of section 404, particularly in
11 response to the 2007 reforms;

12 (B) investors generally view the auditor's
13 attestation on internal control over financial re-
14 porting as beneficial;

15 (C) financial reporting is more reliable
16 when the auditor is involved with internal con-
17 trol of financial reporting assessments; and

18 (D) there is not conclusive evidence linking
19 the requirements of section 404(b) to listing de-
20 cisions of the studied range of issuers.

21 (5) In the April 2011 study, the Commission
22 staff recommended encouraging activities that have
23 the potential to further improve both effectiveness
24 and efficiency of section 404(b) implementation, but
25 did not recommend any new exemptions under sec-

1 tion 404(b) for companies whose market capitaliza-
2 tion is between \$75,000,000 and \$250,000,000.

3 (b) SENSE OF CONGRESS.—It is the sense of Con-
4 gress in agreeing with the April 2011 study by the Securi-
5 ties and Exchange Commission staff that no new exemp-
6 tions from compliance with section 404(b) of the Sar-
7 banes-Oxley Act of 2002 for companies whose market cap-
8 italization is between \$75,000,000 and \$250,000,000
9 should be issued.

