

[DISCUSSION DRAFT]

114TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

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

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IN THE HOUSE OF REPRESENTATIVES

Ms. SINEMA (for herself and Mr. FITZPATRICK) introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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**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 2015”.

1 **SEC. 2. TEMPORARY EXEMPTION FOR LOW-REVENUE**  
2 **ISSUERS.**

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

6 “(d) **TEMPORARY EXEMPTION FOR LOW-REVENUE**  
7 **ISSUERS.—**

8 “(1) **LOW-REVENUE EXEMPTION.—**Subsection  
9 (b) shall not apply with respect to an audit report  
10 prepared for an issuer that—

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

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

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

22 “(2) **EXPIRATION OF TEMPORARY EXEMP-**  
23 **TION.—**An issuer ceases to be eligible for the exemp-  
24 tion described under paragraph (1) at the earliest  
25 of—

1           “(A) the last day of the fiscal year of the  
2 issuer following the tenth anniversary of the  
3 date of the first sale of common equity securi-  
4 ties of the issuer pursuant to an effective reg-  
5 istration statement under the Securities Act of  
6 1933;

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

10           “(C) the date on which the issuer becomes  
11 a large accelerated filer.

12           “(3) DEFINITIONS.—For purposes of this sub-  
13 section:

14           “(A) AVERAGE ANNUAL GROSS REVE-  
15 NUES.—The term ‘average annual gross reve-  
16 nues’ means the total gross revenues of an  
17 issuer over its most recently completed three  
18 fiscal years divided by three.

19           “(B) EMERGING GROWTH COMPANY.—The  
20 term ‘emerging growth company’ has the mean-  
21 ing given such term under section 3 of the Se-  
22 curities Exchange Act of 1934 (15 U.S.C. 78c).

23           “(C) LARGE ACCELERATED FILER.—The  
24 term ‘large accelerated filer’ has the meaning  
25 given that term under section 240.12b-2 of title

1           17, Code of Federal Regulations, or any suc-  
2           cessor thereto.”.