H. R. 1645

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

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:

...
“(d) Temporary Exemption for Low-Revenue Issuers.—

“(1) Low-revenue exemption.—Subsection (b) shall not apply with respect to an audit report prepared for an issuer that—

“(A) ceased to be an emerging growth company on the last day of the fiscal year of the issuer following the fifth anniversary of the date of the first sale of common equity securities of the issuer pursuant to an effective registration statement under the Securities Act of 1933;

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

“(C) is not a large accelerated filer.

“(2) Expiration of temporary exemption.—An issuer ceases to be eligible for the exemption described under paragraph (1) at the earliest of—

“(A) the last day of the fiscal year of the issuer following the tenth anniversary of the date of the first sale of common equity securities of the issuer pursuant to an effective reg-
istration statement under the Securities Act of 1933;

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

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

“(3) DEFINITIONS.—For purposes of this subsection:

“(A) AVERAGE ANNUAL GROSS REVENUES.—The term ‘average annual gross revenues’ means the total gross revenues of an issuer over its most recently completed three fiscal years divided by three.

“(B) EMERGING GROWTH COMPANY.—The term ‘emerging growth company’ has the meaning given such term under section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).

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

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