

116TH CONGRESS
1ST SESSION

H. R. 3886

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

JULY 23, 2019

Mr. MCADAMS (for himself 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 2019”.

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:

1 “(d) TEMPORARY EXEMPTION FOR LOW-REVENUE
2 ISSUERS.—

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

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

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

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

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

21 “(A) the last day of the fiscal year of the
22 issuer following the tenth anniversary of the
23 date of the first sale of common equity securi-
24 ties of the issuer pursuant to an effective reg-

1 istration statement under the Securities Act of
2 1933;

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

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

8 “(3) DEFINITIONS.—For purposes of this sub-
9 section:

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

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

19 “(C) LARGE ACCELERATED FILER.—The
20 term ‘large accelerated filer’ has the meaning
21 given that term under section 240.12b–2 of title
22 17, Code of Federal Regulations, or any suc-
23 cessor thereto.”.

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