

Ranking Member Spencer Bachus on the S.E.C. Announcement Regarding Accounting Rules for Smaller Companies

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Rep. Spencer Bachus, Ranking Member of the House Financial Services Committee, praised S.E.C. Chairman Christopher Cox's decision to delay until 2009 the requirement that small companies report on the state of their internal financial controls.

Last week Bachus sent a letter to Chairman Cox asking the Commission to delay for one year the requirement for auditor attestation to accompany the management report for companies with less than \$75 million of market capitalization.

"Five years after the enactment of Sarbanes-Oxley, many of us have concerns about the financial and regulatory burdens imposed upon publicly traded companies by Section 404, especially smaller companies," stated Ranking Member Bachus. "This additional year will ensure that smaller companies and their auditors have the time needed to comply with Section 404 with minimal disruption to the capital markets. This was the right thing to do. Let me applaud Chairman Cox for his decision, and Reps. Scott Garrett and Tom Feeney for the leadership they have brought to this issue."

"I want to thank Chairman Cox and Ranking Member Bachus for working to keep small businesses competitive by ensuring they are not put at an unfair disadvantage during compliance," stated Rep. Feeney. "Today's good news hopefully will become a pattern of policy makers waking up and restoring America's lead in world capital markets instead of ignoring America's crown jewel that is being deliberately outsourced through overregulation."

"Small business is the engine of the American economy and the current Sarbanes Oxley regulations are choking them with red tape and paperwork," stated Rep. Garrett. "I'm pleased to hear that Chairman Christopher Cox and the S.E.C. are taking steps to loosen the reins on the Section 404 regulations for small businesses. I have repeatedly expressed my concerns with this regulation, including when I offered an amendment to HR 2829, the FY 2008 Financial Services Appropriations, with Rep. Tom Feeney. Our amendment passed with broad bipartisan support. I commend my colleague, Rep. Spencer Bachus, for his efforts to seek a delay in these onerous requirements. Like me, he recognizes that it is essential we not heap burdensome new costs on our nation's small businesses. By delaying this SOX requirement we are giving our small businesses more time to ensure that they are not unfairly hurt without jeopardizing the accountability goals of the initial SOX legislation."