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SEC Extends Auditor Attestation Requirement and Provides Disclosure Guidance for Smaller Companies

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The SEC has proposed to extend for one year the date smaller companies would be required to provide auditor attestation of internal controls under Section 404(b) of the Sarbanes-Oxley Act. Under the proposal, smaller public companies would be required to comply with Section 404(b) for fiscal years ending on or after December 15, 2009.

The SEC has also published a small entity compliance guide that addresses new disclosure rules for smaller companies that file periodic reports and registration statements. The new rules were effective February 4, 2008. These new rules apply to companies with less than \$75 million in common equity public float, or that are unable to calculate the public float but had less than \$50 million in revenue in the last fiscal year.

These smaller entities may file their next annual report on either Form 10-KSB or Form 10-K. Thereafter, all future periodic reports must be filed on the standard forms, rather than the SB forms, using new scaled disclosure requirements from smaller companies. Form SB-2 for registration may be used until August 4, 2008.

The guidance may be found at:
<http://www.sec.gov/info/smallbus/secg/smrepcosysguid.pdf>.

If you have any questions about these requirements or this issue, please contact Bev Evans at 515-288-2500 or via e-mail at BevEvans@davisbrownlaw.com.

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