

AMENDMENT NO. _____ Calendar No. _____

Purpose: To provide an exemption for smaller issuers under the Sarbanes-Oxley Act of 2002.

IN THE SENATE OF THE UNITED STATES—111th Cong., 2d Sess.

S. 3217

To promote the financial stability of the United States by improving accountability and transparency in the financial system, to end “too big to fail”, to protect the American taxpayer by ending bailouts, to protect consumers from abusive financial services practices, and for other purposes.

Referred to the Committee on _____ and
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by Mrs. HUTCHISON

Viz:

1 On page 1090, between lines 18 and 19, add the fol-
2 lowing:

3 **SEC. 974. EXEMPTION FOR SMALLER ISSUERS UNDER THE**
4 **SARBANES-OXLEY ACT OF 2002.**

5 (a) EXEMPTION.—Section 404 of the Sarbanes-Oxley
6 Act of 2002 (15 U.S.C. 7262) is amended—

1 (1) in subsection (b), by striking “With re-
2 spect” and inserting “Except as provided in sub-
3 section (c), with respect”; and

4 (2) by adding at the end the following:

5 “(c) EXEMPTION FOR SMALLER ISSUERS.—Sub-
6 section (b) shall not apply with respect to any audit report
7 prepared for an issuer for which the aggregate worldwide
8 market value of the voting and nonvoting common equity
9 held by persons that are not affiliates of the issuer is less
10 than \$150,000,000.”.

11 (b) STUDY AND REPORT.—

12 (1) STUDY.—The Chief Economist of the Com-
13 mission shall conduct a study to determine how the
14 Commission could reduce the burden of complying
15 with section 404(b) of the Sarbanes-Oxley Act of
16 2002 (15 U.S.C. 7262) for companies for which the
17 aggregate worldwide market value of the voting and
18 nonvoting common equity held by persons that are
19 not affiliates of the issuer is \$150,000,000 or more,
20 and not more than \$700,000,000, while maintaining
21 investor protections for such companies.

22 (2) REPORT.—Not later than 1 year after the
23 date of enactment of this Act, the Chief Economist
24 of the Commission shall submit to the Committee on
25 Banking, Housing, and Urban Affairs of the Senate

1 and the Committee on Financial Services of the
2 House of Representatives a report on the results of
3 the study conducted under paragraph (1) that in-
4 cludes—

5 (A) an analysis of the costs and benefits of
6 complying with section 404(b) of the Sarbanes-
7 Oxley Act of 2002 (15 U.S.C. 7262);

8 (B) an analysis of whether reducing the
9 compliance burden for companies described in
10 paragraph (1) or providing a complete exemp-
11 tion from compliance with such section 404(b)
12 for such companies would encourage the compa-
13 nies to list on exchanges in the United States
14 in the initial public offerings of such companies
15 or otherwise facilitate capital formation; and

16 (C) recommendations about whether the
17 exemption under section 404(c) Sarbanes-Oxley
18 Act of 2002, as added by subsection (a), should
19 be extended to larger issuers.