

116TH CONGRESS
1ST SESSION

S. _____

To amend the Sarbanes-Oxley Act of 2002 to provide a temporary exemption for low-revenue issuers from certain auditor attestation requirements.

IN THE SENATE OF THE UNITED STATES

Mr. TILLIS (for himself, Mr. PETERS, Mr. PERDUE, and Ms. SINEMA) introduced the following bill; which was read twice and referred to the Committee on _____

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”.

1 **SEC. 2. TEMPORARY EXEMPTION FOR LOW-REVENUE**
2 **ISSUERS.**

3 Section 404 of the Sarbanes-Oxley Act of 2002 (15
4 U.S.C. 7262) is amended by adding at the end the fol-
5 lowing:

6 “(d) **TEMPORARY EXEMPTION FOR LOW-REVENUE**
7 **ISSUERS.—**

8 “(1) **DEFINITIONS.—**In this subsection—

9 “(A) the term ‘average annual gross reve-
10 nues’ means the total gross revenues of an
11 issuer over its most recently completed 3 fiscal
12 years divided by 3;

13 “(B) the term ‘emerging growth company’
14 has the meaning given the term in section 3 of
15 the Securities Exchange Act of 1934 (15
16 U.S.C. 78c); and

17 “(C) the term ‘large accelerated filer’ has
18 the meaning given the term in section 240.12b-
19 2 of title 17, Code of Federal Regulations (or
20 any successor regulation).

21 “(2) **LOW-REVENUE EXEMPTION.—**Subsection
22 (b) shall not apply with respect to an audit report
23 prepared for an issuer that—

24 “(A) ceased to be an emerging growth
25 company on the last day of the fiscal year of
26 the issuer following the 5-year period beginning

1 on the date of the first sale of common equity
2 securities of the issuer pursuant to an effective
3 registration statement under the Securities Act
4 of 1933 (15 U.S.C. 77a et seq.);

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

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

9 “(3) EXPIRATION OF TEMPORARY EXEMP-
10 TION.—An issuer ceases to be eligible for the exemp-
11 tion described under paragraph (1) on the earlier
12 of—

13 “(A) the last day of the fiscal year of the
14 issuer following the 10-year period beginning on
15 the date of the first sale of common equity se-
16 curities of the issuer pursuant to an effective
17 registration statement under the Securities Act
18 of 1933 (15 U.S.C. 77a et seq.);

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

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