

SOX uncertainty for non-accelerated filers

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Non-accelerated filers may be granted a permanent reprieve from 404(b) of the Sarbanes-Oxley (SOX) Act.

On December 11, 2009 the U.S. House of Representatives passed the "*Wall Street Reform and Consumer Protection Act of 2009*". One component of this bill would permanently exempt non-accelerated filers (companies with a market cap of less than \$75 million) from facing section 404(b) of SOX. The bill was presented to the Senate in late January and, if passed there, will be made into law. If it is rejected, all non-accelerated filers will need to comply with 404(b) before June 15, 2010.

Section 404(a) of SOX has been in place since 2007 and requires management to provide adequate financial reporting on internal control. 404(b) requires an external auditor to review the company's financial reporting. Thus, if the bill is passed non-accelerated filers will still need to fulfill the requirements of 404(a).

Regardless of the outcome of the senate vote, it is important that non-accelerated filers continue to employ good risk management practices. "*Non-accelerated filers can learn from the mistakes made by the accelerated filers who did not initially automate and streamline their SOX program with risk management software.*" says Richard Taylor, VP of Methodware North America. "A majority of accelerated filers have now incorporated software to reduce internal costs and attestation fees through better reporting and visibility to their SOX program."

For more information about how SOX impacts non-accelerated filers, visit the SEC website at www.SEC.gov.