

October 7, 2009

SEC Extends Deadline for Compliance With Sarbanes-Oxley Internal Control Audit Requirements For Small Public Companies

On October 2, 2009, the Securities and Exchange Commission extended the deadline by an additional six months for compliance by non-accelerated filers with the requirement under Section 404 of the Sarbanes-Oxley Act of 2002 to provide an auditor's attestation report on the effectiveness of a company's internal control over financial reporting. Non-accelerated filers are currently operating under a temporary exemption from the auditor attestation requirement under the SEC rules, although they are required to provide management's assessment in their annual reports. This exemption was due to expire for fiscal years ending on or after December 15, 2009.

Under the SEC's extension, companies will be required to include both management's internal control report and auditor attestation in their annual reports commencing with the first fiscal year ending on or after June 15, 2010.

The extension was provided because the study by the SEC's Office of Economic Analysis of whether additional guidance provided to company managers and auditors in 2007 was effective in reducing the costs of compliance was released on October 2, 2009, less than three months before the December 15, 2009 deadline for full compliance with the Section 404 internal control requirements. As a result, the SEC determined that additional time is appropriate and reasonable so that small public companies and their auditors can better plan for the required auditor attestation.

Both SEC Chairman Mary Schapiro and Commissioner Luis Aguilar noted that this would be the final extension of the deadline for these rules for public companies of any size, and non-accelerated filers and their auditors should prepare accordingly.

Our client alerts are for general informational purposes and should not be regarded as legal advice. If you would like additional information or have any questions, please contact:

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