

Union Calendar No. 846

115TH CONGRESS
2^D SESSION

H. R. 5054

[Report No. 115–1094]

To provide an exemption for emerging growth companies and other smaller companies from the requirements to use Extensible Business Reporting Language (XBRL) for financial statements and other periodic reporting, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 15, 2018

Mr. KUSTOFF of Tennessee introduced the following bill; which was referred to the Committee on Financial Services

DECEMBER 21, 2018

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To provide an exemption for emerging growth companies and other smaller companies from the requirements to use Extensible Business Reporting Language (XBRL) for financial statements and other periodic reporting, and for other purposes.

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 “Small Company Dislo-

5 sure Simplification Act of 2018”.

6 **SEC. 2. EXEMPTION FROM XBRL REQUIREMENTS FOR**
7 **EMERGING GROWTH COMPANIES AND OTHER**
8 **SMALLER COMPANIES.**

9 (a) EXEMPTION FOR EMERGING GROWTH COMPA-

10 NIES.—Emerging growth companies are exempted from

11 the requirements to use Extensible Business Reporting

12 Language (XBRL) for financial statements and other

13 periodic reporting required to be filed with the Commis-

14 sion under the securities laws. Such companies may elect

15 to use XBRL for such reporting.

16 (b) EXEMPTION FOR OTHER SMALLER COMPA-

17 NIES.—Issuers with total annual gross revenues of less

18 than \$250,000,000 are exempt from the requirements to

19 use XBRL for financial statements and other periodic re-

20 porting required to be filed with the Commission under

21 the securities laws. Such issuers may elect to use XBRL

22 for such reporting. An exemption under this subsection

23 shall continue in effect until—

24 (1) the date that is five years after the date of

25 enactment of this Act; or

1 (2) the date that is two years after a deter-
2 mination by the Commission, by order after con-
3 ducting the analysis required by section 3, that the
4 benefits of such requirements to such issuers out-
5 weigh the costs, but no earlier than three years after
6 enactment of this Act.

7 (c) MODIFICATIONS TO REGULATIONS.—Not later
8 than 60 days after the date of enactment of this Act, the
9 Commission shall revise its regulations under parts 229,
10 230, 232, 239, 240, and 249 of title 17, Code of Federal
11 Regulations, to reflect the exemptions set forth in sub-
12 sections (a) and (b).

13 **SEC. 3. ANALYSIS BY THE SEC.**

14 The Commission shall conduct an analysis of the
15 costs and benefits to issuers described in section 2(b) of
16 the requirements to use XBRL for financial statements
17 and other periodic reporting required to be filed with the
18 Commission under the securities laws. Such analysis shall
19 include an assessment of—

20 (1) how such costs and benefits may differ from
21 the costs and benefits identified by the Commission
22 in the order relating to interactive data to improve
23 financial reporting (dated January 30, 2009; 74
24 Fed. Reg. 6776) because of the size of such issuers;

1 (2) the effects on efficiency, competition, capital
2 formation, and financing and on analyst coverage of
3 such issuers (including any such effects resulting
4 from use of XBRL by investors);

5 (3) the costs to such issuers of—

6 (A) submitting data to the Commission in
7 XBRL;

8 (B) posting data on the website of the
9 issuer in XBRL;

10 (C) software necessary to prepare, submit,
11 or post data in XBRL; and

12 (D) any additional consulting services or
13 filing agent services;

14 (4) the benefits to the Commission in terms of
15 improved ability to monitor securities markets, as-
16 sess the potential outcomes of regulatory alter-
17 natives, and enhance investor participation in cor-
18 porate governance and promote capital formation;
19 and

20 (5) the effectiveness of standards in the United
21 States for interactive filing data relative to the
22 standards of international counterparts.

23 **SEC. 4. REPORT TO CONGRESS.**

24 Not later than one year after the date of enactment
25 of this Act, the Commission shall provide the Committee

1 on Financial Services of the House of Representatives and
2 the Committee on Banking, Housing, and Urban Affairs
3 of the Senate a report regarding—

4 (1) the progress in implementing XBRL report-
5 ing within the Commission;

6 (2) the use of XBRL data by Commission offi-
7 cials;

8 (3) the use of XBRL data by investors;

9 (4) the results of the analysis required by sec-
10 tion 3; and

11 (5) any additional information the Commission
12 considers relevant for increasing transparency, de-
13 creasing costs, and increasing efficiency of regu-
14 latory filings with the Commission.

15 **SEC. 5. DEFINITIONS.**

16 As used in this Act, the terms “Commission”,
17 “emerging growth company”, “issuer”, and “securities
18 laws” have the meanings given such terms in section 3
19 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).

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