

116TH CONGRESS  
1ST SESSION

# H. R. 3886

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

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## IN THE HOUSE OF REPRESENTATIVES

JULY 23, 2019

Mr. MCADAMS (for himself and Mr. HOLLINGSWORTH) introduced the following bill; which was referred to the Committee on Financial Services

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## 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”.

6 **SEC. 2. TEMPORARY EXEMPTION FOR LOW-REVENUE**  
7 **ISSUERS.**

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

1       “(d) TEMPORARY EXEMPTION FOR LOW-REVENUE  
2 ISSUERS.—

3           “(1) LOW-REVENUE EXEMPTION.—Subsection  
4 (b) shall not apply with respect to an audit report  
5 prepared for an issuer that—

6           “(A) ceased to be an emerging growth  
7 company on the last day of the fiscal year of  
8 the issuer following the fifth anniversary of the  
9 date of the first sale of common equity securi-  
10 ties of the issuer pursuant to an effective reg-  
11 istration statement under the Securities Act of  
12 1933;

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

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

17           “(2) EXPIRATION OF TEMPORARY EXEMP-  
18 TION.—An issuer ceases to be eligible for the exemp-  
19 tion described under paragraph (1) at the earliest  
20 of—

21           “(A) the last day of the fiscal year of the  
22 issuer following the tenth anniversary of the  
23 date of the first sale of common equity securi-  
24 ties of the issuer pursuant to an effective reg-

1           istration statement under the Securities Act of  
2           1933;

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

6           “(C) the date on which the issuer becomes  
7           a large accelerated filer.

8           “(3) DEFINITIONS.—For purposes of this sub-  
9           section:

10           “(A) AVERAGE ANNUAL GROSS REVE-  
11           NUES.—The term ‘average annual gross reve-  
12           nues’ means the total gross revenues of an  
13           issuer over its most recently completed three  
14           fiscal years divided by three.

15           “(B) EMERGING GROWTH COMPANY.—The  
16           term ‘emerging growth company’ has the mean-  
17           ing given such term under section 3 of the Se-  
18           curities Exchange Act of 1934 (15 U.S.C. 78e).

19           “(C) LARGE ACCELERATED FILER.—The  
20           term ‘large accelerated filer’ has the meaning  
21           given that term under section 240.12b–2 of title  
22           17, Code of Federal Regulations, or any suc-  
23           cessor thereto.”.

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