


[Home](#) | [Previous Pa](#)

U.S. Securities and Exchange Commission

EXTENSION OF COMPLIANCE DATES FOR NON-ACCELERATED FILERS AND FOREIGN PRIVATE ISSUERS REGARDING INTERNAL CONTROL OVER FINANCIAL REPORTING REQUIREMENTS

FOR IMMEDIATE RELEASE
2005-25

Washington, D.C., March 2, 2005 - The Commission has further extended the compliance dates for non-accelerated filers and foreign private issuers regarding amendments to its rules under the Securities Exchange Act of 1934 that were adopted on June 5, 2003, pursuant to Section 404 of the Sarbanes-Oxley Act. The amendments require a company to include in its annual reports a report by management on the company's internal control over financial reporting and an accompanying auditor's report.

The Commission extended the original Section 404 compliance dates for all issuers in February 2004 (see Release No. 33-8392). Under the latest extension, a company that is not required to file its annual and quarterly reports on an accelerated basis (non-accelerated filer) and a foreign private issuer filing its annual reports on Form 20-F or 40-F, must begin to comply with the internal control over financial reporting requirements for its first fiscal year ending on or after July 15, 2006. This is a one-year extension from the previously established July 15, 2005, compliance date for non-accelerated filers and foreign private issuers. The Commission similarly has extended the compliance date for these companies relating to requirements regarding evaluation of internal control over financial reporting and management certification requirements. Please refer to Release No. 33-8545 for more detailed information.

Donald T. Nicolaisen, the Commission's Chief Accountant, said, "The Section 404 requirements are among the most important parts of the Sarbanes-Oxley Act, and I encourage public companies to devote the necessary resources to make sure those requirements are implemented effectively. I don't underestimate the effort this will require for smaller companies and foreign private issuers, but this extension will provide additional time for those issuers to take a good hard look at their internal controls, as the Act contemplates."

Alan L. Beller, Director of the Division of Corporation Finance, added, "Section 404 reporting has the long-term potential to substantially improve the reliability of financial reporting. It is already having that effect for companies with the vast majority of U.S. market capitalization. Given the burdens in designing and implementing Section 404 compliance for smaller and non-U.S. companies, this extension strikes the right balance. Companies should use the extension not to delay but to improve the quality of their efforts."

The Commission considered the particular challenges facing non-accelerated filers and foreign private issuers in determining to grant this

extension. Many foreign companies are facing regulatory and reporting challenges in addition to internal control reporting as companies incorporated in a European Union member country are required to prepare their financial statements for 2005 in accordance with new International Financial Reporting Standards. Two initiatives also are underway that may affect non-accelerated filers. First, the Commission has established an SEC Advisory Committee on Smaller Public Companies to assist the Commission in evaluating the current securities regulatory system relating to smaller public companies, including the internal control requirements. Second, the Committee of Sponsoring Organizations (COSO) has established a task force to develop new guidance for smaller companies that it intends to publish this summer.

► Additional materials: [Final Rule Release No. 33-8545](#)

<http://www.sec.gov/news/press/2005-25.htm>

[Home](#) | [Previous Page](#)

Modified: 03/02/2005