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Sarbanes-Oxley 404 Extension for Smallest Public Companies

October 6, 2009

Friday, October 2, 2009 - The SEC again postponed, for six months, the requirement to provide the auditor attestation report on the effectiveness of internal controls over financial reporting for the smallest public companies, those with a market capitalization below \$75 million. See release at sec.gov.

The smallest public companies with a December 31st year-end, will not have to file an auditor attestation report on the effectiveness of internal control over financial reporting in their annual reports until the year ended December 31, 2010.

SEC Chairman Mary Schapiro stated, "Since there will be no further commission extensions, it is important for all public companies and their auditors to act with deliberate speed to move toward full Section 404 compliance."

Please contact [Kenneth Lee](#) or [Mark Kelly](#) at Rowbotham & Company LLP, should you have any questions in regards to how this will impact your company.

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Small Public Companies to Begin Providing Audited Assessment of Internal Controls Over Financial Reporting in Nine Months

**FOR IMMEDIATE RELEASE
2009-213**

Final Stage of Section 404 of Sarbanes-Oxley to Begin in June

Washington, D.C., Oct. 2, 2009 — The Securities and Exchange Commission today announced that the smallest publicly reporting companies will begin complying in nine months with the final portion of a key provision of a 2002 corporate governance law that requires companies to report to the public about the effectiveness of their internal control over financial reporting.

Additional Materials

- ▶ [Study on SOX Internal Controls](#)
- ▶ [Statement of Commissioner Luis A. Aguilar Regarding His Commitment to Implementation of Sarbanes-Oxley Section 404\(b\)](#)

Under the provisions of Section 404 of the Sarbanes-Oxley Act, public companies and their independent auditors are each required to report to the public on the effectiveness of a company's internal controls. The smallest public companies with a public float below \$75 million have been given extra time to design, implement and document these internal controls before their auditors are required to attest to the effectiveness of these controls.

This extension of time will expire beginning with the annual reports of companies with fiscal years ending on or after June 15, 2010. This expiration date previously had been for fiscal years ending on or after Dec. 15, 2009. The extension was granted so that the SEC's Office of Economic Analysis could complete a study of whether additional guidance provided to company managers and auditors in 2007 was effective in reducing the costs of compliance. Because the study was published less than three months before the December 15 deadline, the Commission determined that additional time is appropriate and reasonable so that small public companies and their auditors can better plan for the required auditor attestation.

While the reporting and auditor-attestation grew out of the 2002 law passed by Congress, all U.S. public companies have been required to maintain internal accounting controls since 1977.

"Since there will be no further Commission extensions, it is important for all public companies and their auditors to act with deliberate speed to move toward full Section 404 compliance," said SEC Chairman Mary L. Schapiro.

