

SEC Expands Smaller Reporting Company Definition and Issues New Small Entity Compliance Guide

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On June 28, 2018, the Securities and Exchange Commission (the “SEC”) adopted amendments to expand the definition of a “smaller reporting company” (“SRC”) to include companies with public floats of less than \$250 million and higher annual revenues. The staff provided additional guidance on the amended definition on August 10, 2018 through the adoption of a new small entity compliance guide.

Companies qualifying as SRCs under the expanded definition may avail themselves of the scaled disclosure requirements afforded to SRCs, including the provision of two (versus three) years of audited financial statements and scaled (i.e., less rigorous) disclosure requirements concerning executive compensation. However, the amendments did not change the threshold for determining accelerated filer status or the requirement that accelerated filers provide an auditor’s attestation of management’s assessment of internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act of 2002. As a result, more issuers will qualify as SRCs, but their status as SRCs will no longer be determinative as to the due dates for their quarterly and annual reports or whether they are required to provide an auditor’s attestation of management’s assessment of internal control over financial reporting. See [Appendix A](#) for a list of scaled disclosure requirements applicable to companies qualifying as SRCs. The new rules will be effective on September 10, 2018.

To read the full alert click on the PDF linked below.

[SEC Expands Smaller Reporting Company Definition.PDF](#)

If you have any questions, please contact a member of our [Capital Markets and Securities Practice Group](#).