

L·B·B BRIEFS FOR SMALLER REPORTING COMPANIES

SMALLER REPORTING COMPANIES MAY GET PERMANENT RELIEF FROM SOX 404B

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WASHINGTON (Reuters) - Small businesses would be granted a permanent reprieve from complying with part of the Sarbanes-Oxley corporate reform laws, under a draft U.S. House of Representatives bill discussed on Tuesday.

Small companies have not had to comply fully with the rules since the Sarbanes-Oxley law was approved in 2002 in response to the Enron and WorldCom corporate scandals.

Companies with a market capitalization below \$75 million have argued that they faced disproportionately higher costs compared with larger companies and have convinced regulators to delay compliance at least five times.

The Securities and Exchange Commission is now requiring small companies to report on the effectiveness of their internal controls as of June 15, 2010.

But Republicans, hoping to thwart this SEC requirement, introduced an amendment on Tuesday to a House Financial Services Committee draft bill to do just that.

On Wednesday, the committee was set to vote on the amendment and the draft bill, which is designed to improve investor protections. Committee members will also vote on a Democratic amendment affirming the SEC's authority to give investors an easier and cheaper way to nominate corporate board directors.

The draft bill boosts the SEC's funding and expands its authority to go after aiders and abettors of securities fraud. It would also give the SEC powers to ban mandatory arbitration for investors claiming to be wronged by their broker dealers.

If approved in committee, the bill would go next to a vote in the full House. The Senate would have to pass similar legislation before the president could sign it into law.

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