



OFFICE OF ADVOCACY
U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, DC 20416

March 11, 2005

Via Facsimile and Electronic Mail

The Honorable William H. Donaldson
Chairman
U.S. Securities and Exchange Commission
450 Fifth Street, N.W.
Room 6000
Washington, DC 20549

Re: Final Rule; Extension of Compliance Dates, *Management's Report on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports of Non-Accelerated Filers and Foreign Private Issuers* (70 Fed. Reg. 11,528, March 8, 2005).

Dear Chairman Donaldson:

We are writing to comment on the U.S. Securities and Exchange Commission's (SEC) recent notice¹ extending the compliance dates for its rule implementing Section 404 of the Sarbanes Oxley Act of 2002.² The notice extended the first compliance cycle for Section 404's certification requirements for non-accelerated filers from the first fiscal year ending on or after July 15, 2005 to the first fiscal year ending on or after July 15, 2006.³ The Office of Advocacy⁴ would like to take this opportunity to thank the SEC for allowing additional time for small businesses to determine how to comply with the Section 404 rule and for establishing the SEC Advisory Committee on Smaller Public Companies to consider the effects of the Sarbanes Oxley Act rules on small business and entrepreneurship.

¹ Final Rule; Extension of Compliance Dates, *Management's Report on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports of Non-Accelerated Filers and Foreign Private Issuers*, 70 Fed. Reg. 11528 (2005).

² Final Rule, *Management's Report on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports of Non-Accelerated Filers and Foreign Private Issuers*, 68 Fed. Reg. 36636 (2003).

³ 70 Fed. Reg. at 11528.

⁴ Advocacy was established pursuant to Pub. L. 94-305 to represent the views of small business before Federal agencies and Congress. Advocacy is an independent office within the U.S. Small Business Administration (SBA), so the views expressed by Advocacy do not necessarily reflect the views of the SBA or the Administration. Section 612 of the Regulatory Flexibility Act also requires Advocacy to monitor agency compliance with the RFA, as amended by the Small Business Regulatory Enforcement Fairness Act. Pub. L. No. 96-354, 94 Stat. 1164 (1981) (codified at 5 U.S.C. §§ 601-612) amended by Subtitle II of the Contract with America Advancement Act, Pub. L. No. 104-121, 110 Stat.857 (1996). 5 U.S.C. § 612(a).

The Office of Advocacy applauds the extensive efforts you have taken to set up the SEC Advisory Committee on Smaller Public Companies. The Office of Advocacy believes that the advisory committee will ensure that small business concerns are considered in the SEC's rulemaking process. In particular, the Office of Advocacy appreciates the efforts of Alan Beller, the Director of the Division of Corporation Finance, Gerald LaPorte, the Chief of the SEC's Office of Small Business Policy, and Don Nicolaisen, the SEC's Chief Accountant, for ensuring that smaller public companies have a chance to contribute to the rulemaking process.

The Office of Advocacy looks forward to working closely with the SEC and its Advisory Committee on Smaller Public Companies. Please do not hesitate to contact Michael See for additional information on my office or our involvement on SEC regulatory issues at (202) 619-0312 or Michael.See@sba.gov.

Sincerely,

/s

Thomas M. Sullivan
Chief Counsel for Advocacy

/s

Michael R. See
Assistant Chief Counsel