Grant Thornton

Accountants and Business Advisors

September 14, 2007

Ms. Nancy M. Morris
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

RE: File Number S7-15-07
Smaller Reporting Company Regulatory Relief and Simplification

Dear Ms. Morris:

We appreciate the opportunity to comment on the U.S. Securities and Exchange Commission's (SEC or Commission) proposal, "Smaller Reporting Company Regulatory Relief and Simplification", File Number S7-15-07, Release Number 33-8819 (Proposed Rules).

We support the Commission's efforts to simplify the reporting for smaller public companies. We have responded to certain questions included in the Proposed Rules in the accompanying appendix.

If you would like to discuss our comments, please contact Ms. Karin A. French, Assistant National Managing Partner of Professional Standards, at (703) 847-7533.

Very truly yours,

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APPENDIX – RESPONSES TO REQUEST FOR SPECIFIC COMMENTS

Should the definition of smaller reporting company include tests based on both public float and revenue? Is a public float of less than $75 million the appropriate standard for defining a "smaller reporting company?"

We support the Commission's proposal to set the initial threshold for smaller reporting companies at less than $75 million in public float. Issuers are familiar with calculating public float since they are required to disclose their public float on the cover page of their annual reports. Further, the current threshold for determining accelerated filer status is $75 million and we believe that using the same threshold not only assists with consistency but also reduces the potential for confusion among investors.

The Proposed rules provide for inflation adjustments to the $75 million public float and $50 million annual revenue thresholds every five years. We support this provision and recommend that the SEC also provide for inflation adjustments of the public float threshold used in the definition of an accelerated filer, so that the two definitions remain consistent with each other.

Assuming that the SEC should revise Regulation S-B, should we do so in some way other than integrating its substantive provisions into Regulation S-K? Will this proposal simplify the disclosure obligations of smaller companies? Would a different format in the proposed integrated Regulation S-K more clearly identify the provisions that are different for smaller reporting companies?

Grant Thornton supports the Commission's recommendation to eliminate Regulation S-B. Incorporating Regulation S-B into Regulation S-K will result in one set of registration and reporting rules and forms, and therefore reduce the complexity of the regulations for smaller reporting companies.

We do recommend that the rules applicable to smaller reporting companies be segregated within Regulation S-K and Regulation S-X within one clearly labeled section. This will allow the rules to be easily located and identified, thus further simplifying the requirements for the smaller public companies.

If adopted, would these proposals have any effect on investors, either positive or negative?

We do not believe that expanding the number of companies eligible for the scaled disclosure will harm investors in any manner. While the number of companies eligible for scaled disclosure and reporting will significantly increase under the Proposed Rules, the market capitalization of these companies is quite small.

Should the Commission incorporate the requirements on form and content of financial statements of smaller companies now in Item 310 of Regulation S-B into Regulation S-X? Should the Commission modify proposed Item 310 in any way? The Advisory Committee on Smaller Public companies believed that a second year of audited balance sheet data would provide investors with a basis for comparison with the current period, without substantially increasing audit costs. Should the Commission follow the Advisory Committee's recommendation?

We support the incorporation of Item 310 of Regulation S-B into Regulation S-X. Grant Thornton does recommend that smaller reporting companies be required to provide two years of audited balance sheet data in annual reports and registration statements. We agree with the comments made by the Advisory Committee that two years will provide valuable comparative information to investors, with minimal additional costs.

Is it appropriate to require U.S. GAAP for foreign private issuers and other foreign issuers who take advantage of the smaller reporting company requirements?

Regulation S-B is currently only available to U.S. and Canadian Issuers. Canadian Issuers reporting on Regulation S-B forms may file financial statements pursuant to Canadian GAAP with an accompanying reconciliation to U.S. GAAP. Under the Proposed Rules, a foreign private issuer that wishes to take advantage of the scaled disclosure and reporting requirements would be required to file financial statements in accordance with U.S. GAAP. We recommend that the Commission allow all foreign private issuers, including Canadian issuers, the opportunity to take advantage of the scaled disclosures by accepting financial statements prepared in accordance with their own country GAAP, with appropriate reconciliation.

We note that the SEC has issued a proposing release to permit foreign private issuers to present financial statements prepared in accordance with International Financial Reporting Standards (IFRS) without a U.S. reconciliation. The Commission has also issued a concept release on whether U.S. issuers should be allowed the choice to use IFRS to satisfy their SEC reporting requirements. It is expected that the Commission will receive important feedback on these initiatives and adopt final rules as deemed appropriate.

If the SEC decides to permit foreign private issuers to present financial statements in accordance with IFRS, without reconciliation to U.S. GAAP, we recommend that those foreign private issuers meeting the smaller company reporting criteria, be allowed to present financial statements prepared in accordance with IFRS, as published by the IASB, or financial statements prepared in accordance with their own country GAAP, with appropriate reconciliation.

If the Commission determines that it will not permit foreign private issuers to file financial statements as recommended in the above paragraph, we strongly recommend that Canadian issuers be allowed to continue filing Canadian GAAP financial statements with an accompanying reconciliation to U.S. GAAP.

Are there any other provisions in current Regulation S-B that should be carried over for smaller reporting companies into Regulation S-K that the SEC has not proposed to carry over? Conversely, are any of the current Regulation S-B items that are proposed to carry over inappropriate for the larger group of companies being defined as smaller reporting companies?

We note that some of the disclosures currently required by Item 102 of Regulation S-B are not being carried over into Regulation S-K. We recommend that the SEC revisit these disclosures as they would appear to be meaningful to smaller reporting companies. We do not believe that there are any items being carried over from Regulation S-B that would be inappropriate for the larger group of companies defined as smaller reporting companies.

Should the Commission adopt the al la carte approach, allowing smaller reporting companies to take advantage of the adjusted disclosure requirements available to them on an item-by-item basis?

The Proposed Rules would permit a smaller reporting company to choose, on an item-by-item or "a la carte" basis, to comply with either the scaled disclosure requirements made available in Regulation S-K for smaller reporting companies or the disclosure requirements for other companies in Regulation S-K, when the requirements for other companies are more rigorous. Grant Thornton supports the Commission's approach as smaller reporting companies should be permitted to provide more disclosures than the minimum requirements, if deemed appropriate. However, issuers should be required to be consistent in their voluntary disclosures. If an issuer chooses to report additional information in a given period, they should be expected to continue to present that information in subsequent periods unless there is a valid reason to exclude it.

Should the proposal require a smaller reporting company to check the box only if it is choosing to comply with at least one item in Regulation S-K scaled for smaller reporting companies, rather than requiring all eligible companies to check the box even if they choose not to comply with any scaled items?

All issuers meeting the definition of a smaller reporting company should be required to check the box on the cover page of all filings in which they may take advantage of the scaled disclosure requirements. This may eliminate some of the stigma that was previously associated with the Regulation S-B forms, if all eligible companies are required to disclose their status on the cover page of their filings. This may also assist the

SEC staff in easily identifying smaller reporting companies during their filing review process.

Are there additional ways in which the SEC could better scale the disclosure and reporting requirements to the needs of smaller reporting companies and their investors, while continuing to take investor protection into account?

Rule 3-05 of Regulation S-X requires the filing of financial statements of business acquired or to be acquired in registration statements and Forms 8-K. Rule 3-05 refers to the significance tests of Rule 1-02(w) of Regulation S-X, which requires three years of audited financial statements of the business acquired if the significance of the acquired business exceeds 50%. Rule 1-02(w) permits the elimination of the earliest of the three fiscal years, if the reported revenues of the acquired business during the latest fiscal year is less than $25 million. We recommend that the SEC revise this $25 million threshold to be consistent with the $50 million in annual revenues included in the definition of a smaller reporting company in the Proposed Rules.

Financial statements prepared pursuant to Item 310 of Regulation S-B do not have to follow Regulation S-X. However, there are several references in Item 310 to the guidance contained in Regulation S-X. For example, reference is made to the guidance in Article 11-01 of Regulation S-X on pro forma presentation requirements and to Rule 3-10 of Regulation S-X on financial statements for a subsidiary that issues securities guaranteed by the small business issuer or guarantees securities issued by the issuer. We recommend that while integrating the Regulation S-B rules into Regulation S-X, the SEC take this opportunity to review all of the references to Regulation S-X and consider whether some of the referenced guidance could be incorporated into the smaller reporting company requirements to make them as complete as possible. We believe that by enhancing the guidance on these items and including all of the requirements within one section of Regulation S-K and Regulation S-X, clearly labeled for smaller reporting companies, the Commission will reduce complexity for smaller public companies.