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Sarbanes-Oxley Reform on Medium-Sized Public Companies



FAX COVER SHEET

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Comments: Attached please find a press release that Chairman Donaldson will be releasing tomorrow regarding the reform of Sarbanes-Oxley requirements on small and medium-sized public companies. Please call me with any questions.

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December 14, 2004

SECURITIES AND EXCHANGE COMMISSION

SEC Establishes Advisory Committee to Examine Impact of Sarbanes-Oxley Act on Smaller Public Companies

FOR IMMEDIATE RELEASE
2004-XXX

Washington, D.C., December 16, 2004 – Securities and Exchange Commission Chairman William H. Donaldson today announced the establishment of an advisory committee to assist the Commission in examining the impact of the Sarbanes-Oxley Act and other aspects of the federal securities laws on smaller public companies.

Appearing at a press conference today with the two individuals named as Co-Chairs of the committee, Chairman Donaldson stated, "The Sarbanes-Oxley Act has already been of enormous benefit to America's investors and markets and will spur further improvements. Now the time is ripe to review how the Act, including areas like internal control reporting and other aspects of the SEC's regulations, affects smaller companies."

The Co-Chairs of the new committee are Herbert S. Wander, a Chicago lawyer and partner in the law firm Katten Muchin Zavis Rosenman, and James C. Thyen, President and Chief Executive Officer of Kimball International, Inc., a diversified global manufacturer of furnishings and electronics based in Jasper, Indiana. Chairman Donaldson said he expects between 9 and 19 additional members of the advisory committee to be named within the next few weeks, taking into consideration the varied interests to be represented and a fair balance of points of view.

The advisory committee will be known as the Securities and Exchange Commission Advisory Committee on Smaller Public Companies. Its areas of inquiry will be:

- frameworks for internal control over financial reporting applicable to smaller public companies, methods for management's assessment of such internal control, and standards for auditing such internal control;
- corporate disclosure and reporting requirements and federally-imposed corporate governance requirements for smaller public companies, including differing regulatory requirements based on market capitalization, other measurements of size or market characteristics;
- accounting standards and financial reporting requirements applicable to smaller public companies; and

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- the process, requirements and exemptions relating to offerings of securities by smaller companies, particularly public offerings.

Chairman Donaldson explained that the advisory committee would be charged with considering the impact of the Sarbanes-Oxley Act of 2002 in each of these areas. The SEC will direct the committee to conduct its work with a view of protecting investors, considering whether the costs imposed by the current securities regulatory system for smaller public companies are proportionate to the benefits, identifying methods of minimizing costs and maximizing benefits, and facilitating capital formation by smaller companies. The Chairman also stated the Commission expects the committee to provide recommendations as to where and how the Commission should draw lines to scale regulatory treatment for companies based on size.

Mr. Wander expressed enthusiasm for the project, commenting, "I am honored to be selected to Co-Chair this committee and to consider these vital small business issues. Small public companies play an integral role in our economy and I am eager to get to work on these important issues."

Mr. Thyen added, "Chairman Donaldson is clearly committed to addressing the challenges facing small public companies. I look forward to working with Herbert Wander and the other members of the advisory committee as we move forward."

Alan L. Beller, Director of the SEC's Division of Corporation Finance, applauded the decision to establish the advisory committee. Beller stated, "Ensuring that the benefits of securities regulation of smaller public companies outweigh the costs is important to the health of our economy and the role that these companies play in job creation and full employment."

The advisory committee will commence operations shortly after the additional members are named and the SEC staff files the committee's charter with Congress.

Press Contact: Matthew Well (202) 942-0020

Attachment: Biographical Sketches of Herbert S. Wander and James C. Thyen

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