

SEC Proposes to Revise the Accelerated and Large Accelerated Filer Definitions

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The SEC proposed amendments that would revise the definitions of “accelerated filer” and “large accelerated filer.” These proposed revisions follow amendments adopted by the SEC on June 28, 2018, that expanded the smaller reporting company (SRC) definition and so brought some issuers under both the definitions of an accelerated filer and an SRC. As a result of last year’s amendments, some SRCs must have an independent outside auditor attest to their internal control over financial reporting. See our previous discussion of the prior amendments here.

The new proposed amendments seek to realign the definitions of accelerated filers and SRCs and would eliminate the requirement of smaller issuers to obtain such independent attestation. In this way, the SEC aims to reduce the cost of compliance of lower-revenue reporting companies and impose upon them more efficient, tailored regulatory requirements without significantly affecting the ability of investors to make informed investment decisions.

Under the proposed amendments:

- an issuer that is eligible to be an SRC and had no revenues or annual revenues of less than \$100 million in the most recent fiscal year for which audited financial statements are available would be excluded from the accelerated and large accelerated filer definitions;
- the transition thresholds for accelerated and large accelerated filers becoming a non-accelerated filer would be increased from \$50 million to \$60 million and for exiting large accelerated filer status from \$500 million to \$560 million; and
- a revenue test would be added to the transition thresholds for exiting both accelerated and large accelerated filer status.

The proposal is subject to a 60-day public comment period. Additional information is available in the SEC’s press release regarding the proposed new amendments [here](https://www.sec.gov/news/press-release/2019-68): [sec.gov/news/press-release/2019-68](https://www.sec.gov/news/press-release/2019-68).

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