

July 22, 2019

Ms. Vanessa A. Countryman
Acting Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Amendments to the Accelerated Filer and Large Accelerated Filer Definitions; Proposed Rules; Request for Comments [File Number S7-06-19]

Dear Ms. Countryman:

We are 48 accounting and law professors who teach, research, and write about the effect of federal securities regulation. We write this comment letter in response to proposed amendments to the accelerated filer and large accelerated filer definitions of Section 404(b) of the Sarbanes-Oxley Act (SOX). The effect of the proposed amendment would be that “smaller reporting companies with less than \$100 million in revenues would not be required to obtain an attestation of their internal controls over financial reporting (ICFR) from an independent outside auditor.”

We recognize the need to balance the costs and benefits of regulation, and we hold differing views on regulatory policy generally. Our concern with this amendment, however, is that the Commission appears to assume there is a substantial cost to SOX 404(b) based on the findings in a research paper that uses data from fifteen years ago. Much has changed in our markets over the past fifteen years, and we request that the Commission confirm that the important trends noted in this paper—notably the “bunching” of companies below the \$75M float threshold—remain present in today’s markets. We respectfully call for the following limited empirical study before modifying SOX 404(b).

Replicating the bunching analysis using recent data is straightforward, and we expect that most Ph.D. students in our area could perform the analysis. This simple analysis would help provide confidence that the costs of SOX 404(b) remain as high as previously documented.

Sincerely,

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Shiva Rajgopal	Kester and Byrnes Professor, Columbia Business School
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