July 25, 2019

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-0609

Re: File No. S7-06-19: Amendments to the Accelerated Filer and Large Accelerated Filer Definitions

Dear Ms. Countryman:

The Council of State Bioscience Associations (CSBA) is a confederation of state-based, non-profit trade organizations representing the biotechnology industry at the state-level. The bioscience companies that we represent are working toward groundbreaking cures and treatments for devastating diseases, developing technologies for advanced biofuels and renewable chemicals, and researching novel gene traits for identifying food sources that could help combat global hunger. The biotech industry is a strong economic driver—biotechnology companies directly employ more than 1.77 million Americans at over 85,000 companies. The total employment impact of the industry is more than 8 million jobs.

On behalf of our member companies, we are pleased to support the SEC’s proposed rule to amend the definition of “accelerated” and “large accelerated filers” to provide targeted regulatory relief for small public companies from Sarbanes-Oxley (SOX) 404(b), the auditor’s attestation of internal controls over financial reporting. We appreciate the SEC’s efforts to make the public capital markets more attractive and accommodating for small public companies, and we believe that this proposed rule—if implemented in its current form—will spur capital formation for biotechnology companies while preserving important investor protections.

As the proposed rule acknowledges, the current threshold for accelerated filers at $75 million public float is outdated. Modernizing the regulatory regime to expand the universe of small public companies that benefit from regulatory relief to those that are “smaller reporting companies” with annual revenues of less than $100 million would take a promising step toward calibrating the regulatory regime to the meet the needs of small and mid-cap companies. Biotech companies, because of their promising research, often have public floats in excess of the existing $75 million cap—but that does not mean they have excess capital available to spend on the onerous SOX 404(b) audit. Many of our member companies are classified as accelerated filers under the current thresholds, and thus are subject to SOX 404(b) compliance, despite the fact that these biotech startups remain pre-revenue and invested heavily in research and development with no steady product revenue streams. This miscategorization leads to hundreds of thousands of dollars (per firm, per year) being diverted from developing new promising therapeutics and technologies toward regulatory compliance that is not beneficial for or demanded by their investors.
We applaud the SEC for its willingness to update the outdated definition of accelerated and large accelerated filers to better reflect the needs of the diversity of companies and innovators accessing the public capital markets.

Sincerely,

Arizona BioIndustry Association (AZBio)
Bio Nebraska
Biocom
BioCT
BioFlorida
BioForward Wisconsin
BioNJ
BioOhio
Bioscience Association of Maine (BioME)
Bioscience Association of North Dakota
Bioscience Association of West Virginia (BioWV)
BioUtah
California Life Sciences Association (CLSA)
Colorado BioScience Association (CBSA)
Delaware Bio Science Association
Georgia Bio
Idaho Technology Council
Illinois Biotechnology Innovation Organization (iBIO)
Indiana Health Industry Forum (IHIF)
Industry-University Research Center (INDUNIV)
Iowa Biotechnology Association
Kentucky Life Sciences Council (KLSC)
Life Sciences Pennsylvania (LSPA)
Life Science Tennessee
Louisiana Bio
Maryland Tech Council
Massachusetts Biotechnology Council (MassBio)
Medical Alley Association
MichBio
Missouri Biotechnology Association (MOBIO)
Montana BioScience Alliance
Nevada Biotechnology & Health Science Consortium (NevBio)
New Mexico Biotechnology & Biomedical Association (NMBio)
NewYorkBio
North Carolina Biosciences Organization (NCBIO)
Oregon Bioscience Association
Rhode Island Bio (Ri-Bio)
SCBIO
South Dakota Biotech Association
Southern California Biomedical Council (SoCalBio)
Texas Healthcare and Bioscience Institute (THBI)
Virginia Biotechnology Association (Virginia Bio)