



October 1, 2004

Jonathan G. Katz
Secretary
U.S. Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, DC 20549-0609

Re: Temporary Postponement of the Final Phase-In Period for Acceleration of Periodic Report Filing Dates
File No. S7-32-04; 69 FR 53550 (September 1, 2004)

Dear Mr. Katz:

America's Community Bankers ("ACB")¹ is pleased to comment on the proposed temporary postponement of the final phase of the acceleration of periodic reporting filing deadlines for large, public companies.²

On September 5, 2002, the Securities and Exchange Commission ("SEC") adopted a rule to accelerate the filing deadline of periodic reports for larger public companies.³ The deadlines were to be increasingly shortened over a three-year period so that for fiscal years beginning on or after December 15, 2004, the filing deadline for a Form 10-K annual report would be 60 days after year-end and the filing deadline for Form 10-Q quarterly reports would be 35 days after each quarter. The SEC has proposed that the final phase of the acceleration schedule be temporarily postponed so that the 60- and 35-day deadlines are not effective until fiscal years beginning on or after December 15, 2005.

ACB Position

We strongly support the SEC's proposal to temporarily postpone the final phase-in of the accelerated filing deadlines. Public companies have had to incorporate numerous changes into their disclosure documents over the past two years in response to passage of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley") and the SEC's implementing regulations. Importantly, companies are now facing a deadline to implement section 404 of Sarbanes-Oxley, which

¹ America's Community Bankers is the member-driven national trade association representing community banks that pursue progressive, entrepreneurial and service-oriented strategies to benefit their customers and communities. To learn more about ACB, visit www.AmericasCommunityBankers.com.

² 69 Fed. Reg. 53550 (Sept. 1, 2004).

³ 67 Fed. Reg. 58480 (Sept. 16, 2002).

requires the evaluation of internal controls and related disclosures. As the SEC acknowledges, the internal control requirements are of extreme importance and it is critical that those requirements be implemented correctly. Allowing companies to focus on those efforts without the added pressure of meeting ever-shorter filing deadlines is a prudent course of action.

We would like to take this opportunity to request that the SEC also consider pushing back the effective date of the section 404 requirements. Right now, accelerated filers are required to comply with those requirements in fiscal years beginning on or after November 15, 2004. All other filers have until July 15, 2005. We understand that the SEC views the section 404 requirements as being among the most important under Sarbanes-Oxley and wants those requirements implemented as soon as possible. However, the undertaking to comply with section 404 has proven to be quite substantial. Even though larger banks and savings associations have been subject to similar requirements for years under banking regulations, our members are finding that it takes a great deal of time and effort to bring systems up to section 404 standards. This is particularly the case in light of the attestation standard for internal control reports recently adopted by the Public Company Accounting Oversight Board and approved by the SEC.⁴ It is taking companies and their auditors substantial time to work through the requirements and, despite best efforts and the time and money being expended on this project, many companies are falling short of where they need to be.

Therefore, we suggest that the date of section 404 compliance for accelerated filers be moved to fiscal years beginning on or after March 15, 2005. For other filers, we believe the date should be moved to fiscal years on or after September 15, 2005. We believe that if the deadline for section 404 compliance is moved for accelerated filers, it also should be moved for other filers. Smaller companies are having trouble gaining the attention of external auditors, who are focused currently on getting the larger companies to compliance. Also, smaller companies are hoping to use the experiences and knowledge gleaned by the larger companies to lessen the burden of their own section 404 compliance. Therefore, a six-month interval between the deadline for accelerated filers and all others is necessary and appropriate.

ACB appreciates the opportunity to comment on this important matter. If you have any questions, please contact the undersigned at (202) 857-3121 or via e-mail at cbahin@acbankers.org, or Diane Koonjy at (202) 857-3144 or via e-mail at dkoonjy@acbankers.org.

Sincerely,



Charlotte M. Bahin
Senior Vice President, Regulatory Affairs

⁴ 69 Fed. Reg. 35083 (June 23, 2004).