

**Impacts of Financial Regulatory Reform – Accounting**  
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**FEI Summary**

The Dodd-Frank Act (HR 4173) makes some additional changes surrounding accounting standards and the Sarbanes Oxley Act. The [\*Journal of Accountancy\*](#) has published a comprehensive article about the Dodd-Frank Act's impacts to CPAs. The following are several items of particular interest to financial executives.

**There Will Be Additional Accounting Standards Oversight**

The new Financial Services Oversight Council (FSOC), made up of many different existing agencies will be charged with reviewing, and submitting comments to the SEC, and any other standard-setting body with respect to existing or proposed accounting principle, standard or procedure. There is no specific requirement that the suggestions be implemented. Additionally, the Chair of the SEC has a voting position on the FSOC.

The FSOC is also required to monitor domestic and international financial regulatory proposals and developments, including insurance and accounting issues.

**Small Public Companies Are Exempted from Sox 404(b)**

The law permanently exempts all public companies with less than \$75 million market capitalization from the Sox 404(b) requirement to conduct an external audit of internal controls.

Furthermore, the law requires the SEC to conduct a study over the next nine months investigating if the burden of 404(b) compliance for larger companies could be reduced (market capitalization between \$75 million and \$250 million), and whether or not a 404(b) exemption could encourage companies to go public and increase the number of U.S. initial public offerings.

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