To provide an exemption for emerging growth companies and other smaller companies from the requirements to use Extensible Business Reporting Language (XBRL) for financial statements and other periodic reporting, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

February 15, 2018

Mr. KUSTOFF of Tennessee introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To provide an exemption for emerging growth companies and other smaller companies from the requirements to use Extensible Business Reporting Language (XBRL) for financial statements and other periodic reporting, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Small Company Disclosure Simplification Act of 2018”.
SEC. 2. EXEMPTION FROM XBRL REQUIREMENTS FOR

EMERGING GROWTH COMPANIES AND OTHER

SMALLER COMPANIES.

(a) Exemption for Emerging Growth Companies.—Emerging growth companies are exempted from the requirements to use Extensible Business Reporting Language (XBRL) for financial statements and other periodic reporting required to be filed with the Commission under the securities laws. Such companies may elect to use XBRL for such reporting.

(b) Exemption for Other Smaller Companies.—Issuers with total annual gross revenues of less than $250,000,000 are exempt from the requirements to use XBRL for financial statements and other periodic reporting required to be filed with the Commission under the securities laws. Such issuers may elect to use XBRL for such reporting. An exemption under this subsection shall continue in effect until—

(1) the date that is five years after the date of enactment of this Act; or

(2) the date that is two years after a determination by the Commission, by order after conducting the analysis required by section 3, that the benefits of such requirements to such issuers outweigh the costs, but no earlier than three years after enactment of this Act.
(c) Modifications to Regulations.—Not later than 60 days after the date of enactment of this Act, the Commission shall revise its regulations under parts 229, 230, 232, 239, 240, and 249 of title 17, Code of Federal Regulations, to reflect the exemptions set forth in subsections (a) and (b).

SEC. 3. ANALYSIS BY THE SEC.

The Commission shall conduct an analysis of the costs and benefits to issuers described in section 2(b) of the requirements to use XBRL for financial statements and other periodic reporting required to be filed with the Commission under the securities laws. Such analysis shall include an assessment of—

(1) how such costs and benefits may differ from the costs and benefits identified by the Commission in the order relating to interactive data to improve financial reporting (dated January 30, 2009; 74 Fed. Reg. 6776) because of the size of such issuers;

(2) the effects on efficiency, competition, capital formation, and financing and on analyst coverage of such issuers (including any such effects resulting from use of XBRL by investors);

(3) the costs to such issuers of—

(A) submitting data to the Commission in XBRL;
(B) posting data on the website of the
issuer in XBRL;

(C) software necessary to prepare, submit,
or post data in XBRL; and

(D) any additional consulting services or
filing agent services;

(4) the benefits to the Commission in terms of
improved ability to monitor securities markets, as-
sess the potential outcomes of regulatory alter-
atives, and enhance investor participation in cor-
porate governance and promote capital formation;
and

(5) the effectiveness of standards in the United
States for interactive filing data relative to the
standards of international counterparts.

SEC. 4. REPORT TO CONGRESS.

Not later than one year after the date of enactment
of this Act, the Commission shall provide the Committee
on Financial Services of the House of Representatives and
the Committee on Banking, Housing, and Urban Affairs
of the Senate a report regarding—

(1) the progress in implementing XBRL report-
ing within the Commission;

(2) the use of XBRL data by Commission offi-
cials;
(3) the use of XBRL data by investors;

(4) the results of the analysis required by section 3; and

(5) any additional information the Commission considers relevant for increasing transparency, decreasing costs, and increasing efficiency of regulatory filings with the Commission.

SEC. 5. DEFINITIONS.

As used in this Act, the terms “Commission”, “emerging growth company”, “issuer”, and “securities laws” have the meanings given such terms in section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).