

SEC Proposes Amendments to Definition of ‘Smaller Reporting Company’

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On June 27, the Securities and Exchange Commission proposed amendments to the definition of “smaller reporting company,” which would increase certain financial thresholds in such definition. Smaller reporting companies are permitted to, among other things, provide scaled disclosures under the SEC’s Regulation S-K and Regulation S-X.

Specifically, the proposed amendments would revise the definition of “smaller reporting company” to permit a company to provide scaled disclosures if it has:

- a public float of less than \$250 million (as compared to the current threshold of \$75 million); or
- no public float and annual revenues that are less than \$100 million (as compared to the current threshold of less than \$50 million)

In addition, the proposed amendments provide that a company that ceases to qualify as a smaller reporting company (as a result of its exceeding one of the thresholds above) would not qualify again as such until its public float is less than \$200 million or, if the company does not have a public float, its annual revenues are less than \$80 million.

The proposed amendments do not presently propose to amend the financial thresholds applicable to “accelerated filer” status. The proposed amendments would, however, adjust the definition of “accelerated filer” to eliminate the provision that excludes registrants that are eligible to use the smaller reporting company requirements under Regulation S-K for their annual and quarterly reports. Accordingly, as noted in the SEC’s press release, companies with \$75 million or more of public float that would qualify as smaller reporting companies would be subject to the requirements that apply currently to accelerated filers, including the timing of the filing of periodic reports and the requirement that accelerated filers provide the auditor’s attestation of management’s assessment of internal controls over reporting required by Section 404(b) of the Sarbanes-Oxley Act of 2002.

SEC Chair Mary Jo White noted in the SEC's press release announcing the proposed amendments that "[r]aising the financial thresholds in the smaller reporting company definition is intended to promote capital formation and reduce compliance costs for smaller companies while maintaining important investor protections."

The SEC is soliciting public comment on the proposed amendments, and the comment period expires on August 30.

The SEC's proposed amendments can be read [here](#).

The SEC's press release can be read [here](#).

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