

MEMO# 17143

February 26, 2004

SEC EXTENDS COMPLIANCE DATES FOR INTERNAL CONTROL OVER FINANCIAL REPORTING REQUIREMENTS

[17143] February 26, 2004 TO: ACCOUNTING/TREASURERS MEMBERS No. 10-04 INVESTMENT ADVISER MEMBERS No. 4-04 COMPLIANCE ADVISORY COMMITTEE No. 26-04 INTERNAL AUDIT ADVISORY COMMITTEE No. 2-04 OPERATIONS MEMBERS No. 14-04 SEC RULES MEMBERS No. 31-04 RE: SEC EXTENDS COMPLIANCE DATES FOR INTERNAL CONTROL OVER FINANCIAL REPORTING REQUIREMENTS The Securities and Exchange Commission has recently extended the compliance period for registered management investment companies to comply with the technical amendments to its rules under the Investment Company Act of 1940 relating to the establishment and maintenance of internal control over financial reporting.¹ As you recall, these amendments were adopted last summer as part of the Commission's rulemaking initiative to implement Section 302 of the Sarbanes-Oxley Act of 2002 for registered management investment companies.² Although compliance with the amendments was originally scheduled to occur for fiscal years beginning on or after June 15, 2004, the Commission has decided to extend the compliance date for fiscal years ending on or after November 15, 2004.³ As extended, funds must comply with the amended portion of Rule 30a-3(3) under the Investment Company Act, which requires each fund (other than a small business investment company) to maintain internal control over financial reporting, for fiscal years ending on or after November 15, 2004. Funds must also comply with the amended portions of the certification requirements contained in Form N-CSR, specifically, paragraph 4 of Item 10, which 1 Final Rule: Management's Report on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports, SEC Release Nos. 33-8392; 34-49313; IC-26357 (February 24, 2004). The Commission's release is available from the SEC's website at <http://www.sec.gov/rules/final/33-8392.htm>. 2 See SEC Release Nos. 33-8238; 34-47986; IC-26068 (June 5, 2003); 68 FR 36636 (June 18, 2003). 3 The Commission's release explains that in light of the new standards being developed by the Public Company Accounting Oversight Board with respect to registered public accounting firms, providing an extension would minimize the cost and disruption on firms of having to implement a new disclosure requirement under a current standard that will soon be superseded, as well as providing companies and their auditors with sufficient time to perform additional testing or remediation of controls based on PCAOB's final standard. 2 requires the fund's certifying officers to state that they are responsible for establishing and maintaining internal control over financial reporting, and related paragraph 4(b), which requires the certifying officers to state that they have designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under their supervision, to provide

reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals, beginning with the first annual report filed on Form N-CSR for a fiscal year ending on or after November 15, 2004. Barry E. Simmons Associate Counsel

Source URL: <https://icinew-stage.ici.org/memo-17143>

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.