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September 14, 2006

Ms. Nancy M. Morris  
Secretary  
Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549-1090

Re: File No. S7-06-03

Dear Ms. Morris:

The American Bankers Association (ABA) appreciates the opportunity to respond to the Securities Exchange Commission's (the Commission) proposed extension of compliance dates in Release Number 33-8731, *Internal Control Over Financial Reporting in Exchange Act Periodic Reports of Non-Accelerated Filers and Newly Public Companies (the Release)*. We are pleased that the Commission has proposed to extend the compliance dates related to non-accelerated filers and newly public companies.

The ABA, on behalf of the more than two million men and women who work in the nation's banks, brings together all categories of banking institutions to best represent the interests of this rapidly changing industry. Its membership – which includes community, regional and money center banks and holding companies, as well as savings associations, trust companies and savings banks – makes ABA the largest banking trade association in the country.

The ABA fully supports the establishment and use of strong internal controls, which are critical not only to provide users of financial statements with reasonable assurance about the integrity of financial statements, but also to provide management with a foundation for appropriately managing a company's risks. However, we continue to be very concerned about the huge time and cost burdens experienced in complying with Section 404 of the Sarbanes-Oxley Act of 2002, and the associated business opportunity costs. Until such a time as these costs and burdens are reduced to a reasonable and cost-effective level, non-accelerated and newly public companies should be provided the benefit of delayed implementation.

We appreciate the SEC's acknowledgement that there is a need to delay the application date for auditor attestations for non-accelerated filers for the very reasons cited above. We fully support this proposal.

#### Extension

The ABA appreciates the efforts the Commission and the Public Company Accounting Oversight Board (PCAOB) are making to understand and remedy problems in practice with Section 404. The Commission's serious focus on this effort has resulted in some significant changes. We hope your continued work will lead to reduced compliance costs for companies currently subject to its requirements and prior to it being required of every public filer.

Ms. Nancy M. Morris  
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We appreciate the Commission's delay of the effective date for auditor attestations for non-accelerated filers. The efforts to streamline the Section 404 process must be re-evaluated to ensure efficient implementation for smaller companies before requiring them to comply with attestations. Section 404 was intended to help shareholders gain confidence in the internal controls over their investments. We believe that a small company shareholder does not expect the company to have the same array of internal controls that a shareholder in a larger company would expect, as smaller companies tend to have more direct management oversight, generally are less complex, and have fewer staff. Thus, as detailed in our April 3, 2006 letter (regarding the Commission's Advisory Committee on Smaller Public Companies Request for Public Comment, File No. 265-23), the requirements of Section 404 can and should be scaled to reflect those differences.

We also appreciate that the Commission has seen fit to set separate compliance dates for management's assertion and the independent auditor's attestation. The interim year presents the opportunity to: (1) gauge the public investment community's reaction to the inclusion of the assertion and determine whether the independent attestation offers any additional benefit to offset the considerable increase in cost; (2) allow smaller company audit firms additional time to train their auditors; and (3) ensure that the audit process and implementation process are more efficient prior to imposing them on smaller companies.

Additional Guidance

The Commission indicates in the Release that it intends to issue guidance to assist non-accelerated and newly public filers in implementing and complying with Section 404. Additionally, the Commission indicates that should these pieces of guidance not be issued with sufficient lead time to allow for proper compliance prior to the current deadlines, there may be additional extensions made. We appreciate the consideration of future extensions should the guidance be delayed, and we encourage the Commission to announce any such extensions on a timely basis to ensure that smaller companies and their auditors do not perform unnecessary work. This would mitigate some budgeting and resource concerns of management due to the uncertain compliance dates.

We prefer that any additional guidance follow due process in order to avoid later implementation issues.

Thank you for your consideration of our views. Please contact me with any questions.

Sincerely,

A handwritten signature in cursive script that reads "Donna J. Fisher".

Donna Fisher