

Union Calendar No. 68

118TH CONGRESS
1ST SESSION

H. R. 2812

[Report No. 118–91]

To require the Securities and Exchange Commission to carry out a study of the costs associated with small- and medium-sized companies to undertake initial public offerings.

IN THE HOUSE OF REPRESENTATIVES

APRIL 25, 2023

Mr. HIMES introduced the following bill; which was referred to the Committee on Financial Services

JUNE 5, 2023

Additional sponsor: Mr. LAWLER

JUNE 5, 2023

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on April 25, 2023]

A BILL

To require the Securities and Exchange Commission to carry out a study of the costs associated with small- and medium-sized companies to undertake initial public offerings.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 *This Act may be cited as the “Middle Market IPO Un-*
 5 *derwriting Cost Act”.*

6 **SEC. 2. STUDY ON IPO FEES.**

7 (a) *STUDY.*—*The Securities and Exchange Commis-*
 8 *sion (“Commission”), in consultation with the Financial*
 9 *Industry Regulatory Authority, shall carry out a study of*
 10 *the costs associated with small- and medium-sized compa-*
 11 *nies to undertake initial public offerings (“IPOs”). In car-*
 12 *rying out such study, the Commission shall—*

13 (1) *consider the direct and indirect costs of an*
 14 *IPO, including—*

15 (A) *fees, such as gross spreads paid to un-*
 16 *derwriters, IPO advisors, and other profes-*
 17 *sionals;*

18 (B) *compliance with Federal and State se-*
 19 *curities laws at the time of the IPO; and*

20 (C) *such other IPO-related costs as the*
 21 *Commission determines appropriate;*

22 (2) *compare and analyze the costs of an IPO*
 23 *with the costs of obtaining alternative sources of fi-*
 24 *nancing and of liquidity;*

1 (3) consider the impact of such costs on capital
2 formation;

3 (4) analyze the impact of these costs on the
4 availability of public securities of small- and me-
5 dium-sized companies to retail investors; and

6 (5) analyze trends in IPOs over a time period
7 the Commission determines is appropriate to analyze
8 IPO pricing practices, considering—

9 (A) the number of IPOs;

10 (B) how costs for IPOs have evolved over
11 time, including fees paid to underwriters, invest-
12 ment advisory firms, and other professions for
13 services in connection with an IPO;

14 (C) the number of brokers and dealers active
15 in underwriting IPOs;

16 (D) the different types of services that un-
17 derwriters and related persons provide before
18 and after a small- or medium-sized company
19 IPO and the factors impacting underwriting
20 costs;

21 (E) changes in the costs and availability of
22 investment research for small- and medium-sized
23 companies; and

24 (F) any other consideration the Commission
25 considers necessary and appropriate.

1 **(b) REPORT.**—*Not later than the end of the 360-day*
2 *period beginning on the date of the enactment of this Act,*
3 *the Commission shall issue a report to the Congress con-*
4 *taining all findings and determinations made in carrying*
5 *out the study required under subsection (a) and any admin-*
6 *istrative or legislative recommendations the Commission*
7 *may have.*

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