119TH CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPORT
119–128

MIDDLE MARKET IPO COST ACT

JUNE 3, 2025.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HILL of Arkansas, from the Committee on Financial Services, submitted the following

R E P O R T

[To accompany H.R. 3395]

The Committee on Financial Services, to whom was referred the bill (H.R. 3395) to require the Comptroller General of the United States to carry out a study of the costs associated with small- and medium-sized companies to undertake initial public offerings, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Middle Market IPO Cost Act".

SEC. 2. STUDY ON IPO FEES.

(a) STUDY.—The Comptroller General of the United States, in consultation with the Securities and Exchange Commission and the Financial Industry Regulatory

59–006

Authority, shall carry out a study of the costs associated with small- and medium-sized companies to undertake initial public offerings ("IPOs"). In carrying out such study, the Comptroller General shall—

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

(A) fees of accountants, underwriters, and any other outside advisors with respect to the IPO;

(B) compliance with Federal and State securities laws at the time of the IPO; and

(C) such other IPO-related costs as the Comptroller General may consider;

(2) compare and analyze the costs of an IPO with the costs of obtaining alternative sources of financing and of liquidity;

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

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

(5) analyze trends in IPOs over a time period the Comptroller General determines is appropriate to analyze IPO pricing practices, considering—

(A) the number of IPOs;

(B) how costs for IPOs have evolved over time for underwriters, investment advisory firms, and other professions for services in connection with an IPO;

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

(D) the different types of services that underwriters and related persons provide before and after a small- or medium-sized company IPO and the factors impacting IPOs costs;

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

(F) the impacts of litigation and its costs on being a public company.

(b) REPORT.—Not later than the end of the 360-day period beginning on the date of the enactment of this Act, the Comptroller General of the United States shall issue a report to the Congress containing all findings and determinations made in carrying out the study required under subsection (a) and any administrative or legislative recommendations the Comptroller General may have.

PURPOSE AND SUMMARY

H.R. 3395, the *Middle Market IPO Underwriting Cost Act*, was introduced on May 14, 2025, by Representative Jim Himes (CT–04). The bill requires the Comptroller General, in consultation with the Securities and Exchange Commission (SEC) and FINRA, to study and report on the costs encountered by small- and medium-sized companies when undertaking IPOs.

BACKGROUND AND NEED FOR LEGISLATION

When a company decides to sell its securities to the public, it incurs various costs to comply with the requirements to conduct the IPO, as well as to enhance the ability for the IPO to price and market successfully. For companies undertaking an IPO, underwriting costs average four to seven percent of gross IPO proceeds. In 2024, gross IPO proceeds averaged $179 million, meaning that a company with an IPO grossing this amount could have incurred more than $12 million alone in underwriting fees. Underwriting fees represent just one of several categories of transactional costs when undertaking an IPO. The study required by this bill will help Congress and the market better understand the costs facing small- and medium-sized companies pursuing IPOs.

COMMITTEE CONSIDERATION

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On July 10, 2018, Representative Jim Himes (D–CT) introduced H.R. 6324, the *Middle Market IPO Underwriting Cost Act*. This bill is the original iteration of H.R. 3395. The bill was referred solely to the Committee on Financial Services. The Committee on Financial Services and the Subcommittee on Capital Markets, Securities, and Investment held hearings to examine matters relating to H.R. 6324 on November 15, 2016, March 22, 2017, October 4, 2017, November 3, 2017, May 23, 2018, and June 21, 2018. On July 11, 2018, the Committee on Financial Services ordered H.R. 6324 to be reported favorably to the House of Representatives by a voice vote.

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On April 25, 2023, Representative Himes introduced H.R. 2812, the *Middle Market IPO Cost Act*. Representative Mike Lawler (R–NY) was added subsequently as a cosponsor. This bill is an earlier iteration of H.R. 3395. The bill was referred solely to the Committee on Financial Services. On April 26, 2023, the Committee on Financial Services ordered H.R. 2812 to be reported favorably to the House of Representatives. On June 5, 2023, the House suspended the rules and passed the bill by a recorded vote of 390–10. It was received in the Senate and referred to the Committee on Banking, Housing, and Urban Affairs.

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On May 14, 2025, Representative Himes introduced H.R. 3395, the *Middle Market IPO Cost Act*. Representative Pete Sessions (R–TX) was added subsequently as a cosponsor. The bill was referred solely to the Committee on Financial Services. The bill was attached to the February 26, 2025, hearing titled "The Future of American Capital: Strengthening Public and Private Markets by Increasing Investor Access and Facilitating Capital Formation" and the March 25, 2025, hearing titled, "Beyond Silicon Valley: Expanding Access to Capital Across America."

On May 20, 2025, the Committee met in open session to consider, among others, H.R. 3395. The Committee favorably reported H.R. 3395, as amended, to the House of Representatives.

RELATED HEARINGS

Pursuant to clause 3(c)(6) of rule XIII of the Rules of the House of Representatives, the following hearings were used to develop H.R. 3395:

The Capital Markets Subcommittee of the Committee on Financial Services held a February 26, 2025, hearing titled "The Future of American Capital: Strengthening Public and Private Markets by Increasing Investor Access and Facilitating Capital Formation" and the Full Committee held a March 25, 2025, hearing titled, "Beyond Silicon Valley: Expanding Access to Capital Across America." A discussion draft version of the bill was attached to both hearings. The following witnesses testified at the February 26, 2025, hearing: Mr. Andrew Barnell, CEO and Co-Founder, Geneoscopy; Mr. McKeever Conwell, Founder and Managing Partner, RareBreed Ventures; Ms. Rebecca Kacaba, CEO and Co-Founder, DealMaker; Ms. Anna Pinedo, Partner, Mayer Brown; and Ms. Alexandra Thornton, Senior Director, Financial Regulation, Center for American Progress. The following witnesses testified at the March 25, 2025, hearing: Mr. Steve Case, Chairman and CEO, Revolution LLC; Mr. Bill

Newell, Senior Business Advisor & Former CEO, Sutro Biopharma; Ms. Candice Matthews Brackeen, General Partner, Lightship Capital; Mr. Joel Trotter, Partner, Latham & Watkins LLP; and Ms. Amanda Senn, Director of the Alabama Securities Commission.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee Report to include for each record vote on a motion to report the measure or matter and on any amendments offered to the measure or matter the total number of votes for and against and the names of the Members voting for and against.

On May 20, 2025, the Committee ordered H.R. 3395, as amended, to be reported favorably to the House by a recorded vote of 50 yeas and 0 nays, a quorum being present. (Record Vote No. FC–105). Before the question to report was called, the Committee adopted an amendment in the nature of a substitute, designated HIMES__005, which made minor edits and technical changes, offered by Representative Himes. The amendment was adopted by voice vote, a quorum being present.

Committee on Financial Services

Markup 4
May 20, 2025

Bill: **H.R. 3395**
Measure: **H.R. 3395 (as amended)**
Amdt.

Record Vote No.
FC-105

Motion: **to report favorably**
Disposition: **AGREED TO (50-0)**

Member	Yea	Nay	Not Voting	Member	Yea	Nay	Not Voting
Chairman Hill	X			Ranking Member Waters	X		
Mr. Lucas	X			Ms. Velázquez	X		
Mr. Sessions	X			Mr. Sherman	X		
Mr. Huizenga	X			Mr. Meeks	X		
Mrs. Wagner	X			Mr. Scott	X		
Mr. Barr	X			Mr. Lynch	X		
Mr. Williams (TX)	X			Mr. Green (TX)	X		
Mr. Emmer	X			Mr. Cleaver			X
Mr. Loudermilk	X			Mr. Himes	X		
Mr. Davidson	X			Mr. Foster	X		
Mr. Rose	X			Mrs. Beatty	X		
Mr. Steil	X			Mr. Vargas	X		
Mr. Timmons	X			Mr. Gottheimer	X		
Mr. Stutzman	X			Mr. Gonzalez	X		
Mr. Norman	X			Mr. Casten	X		
Mr. Meuser	X			Ms. Pressley	X		
Mrs. Kim	X			Ms. Tlaib	X		
Mr. Donalds			X	Mr. Torres (NY)	X		
Mr. Garbarino	X			Ms. Garcia (TX)	X		
Mr. Fitzgerald			X	Ms. Williams of GA	X		
Mr. Flood	X			Ms. Pettersen	X		
Mr. Lawler	X			Mr. Fields	X		
Ms. De La Cruz	X			Ms. Bynum	X		
Mr. Ogles			X	Mr. Liccardo	X		
Mr. Nunn	X						
Mrs. McClain	X						
Ms. Salazar	X						
Mr. Downing	X						
Mr. Haridopolos	X						
Mr. Moore (NC)	X						
	27	**0**	**3**		**23**	**0**	**1**

Committee Totals:	Yeas	Nays	Not Voting
	50	**0**	**4**

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c) of rule XIII of the Rules of the House of Representatives, the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the goal of H.R. 3395 is to help Congress and the market better understand the costs associated with small-and medium-sized companies to undertake IPOs and become public companies by requiring the SEC, in consultation with the Financial Industry Regulatory Authority, to conduct a study.

COMMITTEE COST ESTIMATE

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison of the costs that would be incurred in carrying out H.R. 3395. The Committee has requested but not received a cost estimate from the Director of the Congressional Budget Office. However, pursuant to clause 3(d)(1) of House rule XIII, the Committee will adopt as its own the cost estimate by the Director of the Congressional Budget Office once it has been prepared.

NEW BUDGET AUTHORITY AND CBO COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the *Congressional Budget Act of 1974* and with respect to requirements of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the *Congressional Budget Act of 1974*, a cost estimate was not made available to the Committee in time for the filing of this report. The Chairman of the Committee shall cause such estimate to be printed in the Congressional Record upon its receipt by the Committee.

UNFUNDED MANDATES STATEMENT

The Committee has requested but not received from the Director of the Congressional Budget Office an estimate of the Federal mandates pursuant to section 423 of the *Unfunded Mandates Reform Act*. The Committee will adopt the estimate once it has been prepared by the Director.

EARMARK STATEMENT

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the resolution and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

FEDERAL ADVISORY COMMITTEE ACT STATEMENT

No advisory committees within the meaning of section 5(b) of the *Federal Advisory Committee Act* were created by this legislation.

APPLICABILITY TO THE LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the *Congressional Accountability Act*.

DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of the bill establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, including any program that was included in a report to Congress pursuant to section 21 of the Public Law 111–139 or the most recent Catalog of Federal Domestic Assistance.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

Section 1 provides the short title is the "Middle Market IPO Underwriting Cost Act."

Section 2. Study on IPO fees

This section requires the SEC, in consultation with the Financial Industry Regulatory Authority, to study the costs associated with small and medium-sized companies to undertake initial public offerings. This section states that in carrying out such study, the SEC shall consider the direct and indirect costs of an IPO, compare and analyze the costs of an IPO with the costs of obtaining alternative sources of financing and of liquidity, consider the impact of such costs on capital formation, analyze the impact of these costs on availability of public securities of small and medium-sized companies to retail investors, and analyze trends in IPOs over a time period the SEC determines appropriate to analyze IPO pricing practices. In analyzing trends in IPOs, the SEC will consider the number of IPOs, how costs of IPOs have evolved, the number of brokers and dealers active in underwriting IPOs, the different types of services that underwriters and related persons provide and the factors impacting underwriting costs, changes in the costs and availability of investment research, and any other consideration the SEC deems appropriate. Finally, this section notes that the SEC shall issue a report to Congress containing all finding and determinations made in carrying out the study and any administrative or legislative recommendations the SEC may have not later than the end of the 360-day period beginning on the date of the enactment of this Act.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

H.R. 3395 does not repeal or amend any section of a statute. Therefore, the Office of Legislative Counsel did not prepare the report required under clause 3(e) of rule XIII of the House of Representatives.

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