IB

Union Calendar No. 685

115TH CONGRESS
2D SESSION

H. R. 6324

[Report No. 115–887]

To require the Securities and Exchange Commission to carry out a study of the direct and indirect underwriting fees, including gross spreads, for mid-sized initial public offerings.

IN THE HOUSE OF REPRESENTATIVES

JULY 10, 2018

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

AUGUST 3, 2018

Reported with amendments, 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 italic]

[For text of introduced bill, see copy of bill as introduced on July 10, 2018]

A BILL

To require the Securities and Exchange Commission to carry out a study of the direct and indirect underwriting fees, including gross spreads, for mid-sized initial public offerings.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

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

SEC. 2. STUDY ON IPO FEES.

(a) STUDY.—The Securities and Exchange Commission, in consultation with the Financial Industry Regulatory 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 Commission shall—

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

(A) fees, such as gross spreads paid to underwriters, IPO advisors, and other professionals;

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

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

(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 Commission determines is appropriate to analyze IPO pricing practices, considering—

(A) the number of IPOs;

(B) how costs for IPOs have evolved over time, including fees paid to 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 underwriting costs;

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

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

(b) REPORT.—Not later than the end of the 360-day period beginning on the date of the enactment of this Act, the Commission 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 Commission may have.

Amend the title so as to read: ‘‘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.’’.

Union Calendar No. 685

115TH CONGRESS
2D SESSION

H. R. 6324

[Report No. 115–887]

A BILL

To require the Securities and Exchange Commission to carry out a study of the direct and indirect underwriting fees, including gross spreads, for mid-sized initial public offerings.

AUGUST 3, 2018

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