

Suspend the Rules And Pass the Bill, H. R. 6324, with Amendments

(The amendments strike all after the enacting clause and insert a new text and a new title)

115TH CONGRESS
2^D SESSION

H. R. 6324

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

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.

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
5 Underwriting Cost Act”.

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

2 (a) STUDY.—The Securities and Exchange Commis-
3 sion, in consultation with the Financial Industry Regu-
4 latory Authority, shall carry out a study of the costs asso-
5 ciated with small- and medium-sized companies to under-
6 take initial public offerings (“IPOs”). In carrying out such
7 study, the Commission shall—

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

10 (A) fees, such as gross spreads paid to un-
11 derwriters, IPO advisors, and other profes-
12 sionals;

13 (B) compliance with Federal and State se-
14 curities laws at the time of the IPO; and

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

17 (2) compare and analyze the costs of an IPO
18 with the costs of obtaining alternative sources of fi-
19 nancing and of liquidity;

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

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

1 (5) analyze trends in IPOs over a time period
2 the Commission determines is appropriate to analyze
3 IPO pricing practices, considering—

4 (A) the number of IPOs;

5 (B) how costs for IPOs have evolved over
6 time, including fees paid to underwriters, in-
7 vestment advisory firms, and other professions
8 for services in connection with an IPO;

9 (C) the number of brokers and dealers ac-
10 tive in underwriting IPOs;

11 (D) the different types of services that un-
12 derwriters and related persons provide before
13 and after a small- or medium-sized company
14 IPO and the factors impacting underwriting
15 costs;

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

19 (F) any other consideration the Commis-
20 sion considers necessary and appropriate.

21 (b) REPORT.—Not later than the end of the 360-day
22 period beginning on the date of the enactment of this Act,
23 the Commission shall issue a report to the Congress con-
24 taining all findings and determinations made in carrying
25 out the study required under subsection (a) and any ad-

1 ministrative or legislative recommendations the Commis-
2 sion 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.”.