

**AMENDMENT IN THE NATURE OF A SUBSTITUTE TO
H.R. 6324
OFFERED BY MR. HIMES OF CONNECTICUT**

Strike all after the enacting clause and insert the following;

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Middle Market IPO
3 Underwriting Cost Act”.

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

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

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

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

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

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

3 (2) compare and analyze the costs of an IPO
4 with the costs of obtaining alternative sources of fi-
5 nancing and of liquidity;

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

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

11 (5) analyze trends in IPOs over a time period
12 the Commission determines is appropriate to analyze
13 IPO pricing practices, considering—

14 (A) the number of IPOs;

15 (B) how costs for IPOs have evolved over
16 time, including fees paid to underwriters, in-
17 vestment advisory firms, and other professions
18 for services in connection with an IPO;

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

21 (D) the different types of services that un-
22 derwriters and related persons provide before
23 and after a small- or medium-sized company
24 IPO and the factors impacting underwriting
25 costs;

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

4 (F) any other consideration the Commis-
5 sion considers necessary and appropriate.

6 (b) REPORT.—Not later than the end of the 360-day
7 period beginning on the date of the enactment of this Act,
8 the Commission shall issue a report to the Congress con-
9 taining all findings and determinations made in carrying
10 out the study required under subsection (a) and any ad-
11 ministrative or legislative recommendations the Commis-
12 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.”.

