To require the Securities and Exchange Commission to carry out a study to evaluate the issues affecting the provision of and reliance upon investment research into small issuers.

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 “Improving Investment Research for Small and Emerging Issuers Act”.

SEC. 2. RESEARCH STUDY.

(a) Study Required.—The Securities and Exchange Commission shall conduct a study to evaluate the
issues affecting the provision of and reliance upon investment research into small issuers, including emerging growth companies and companies considering initial public offerings.

(b) CONTENTS OF STUDY.—The study required under subsection (a) shall consider—

(1) factors related to the demand for such research by institutional and retail investors;

(2) the availability of such research, including—

(A) the number and types of firms who provide such research;

(B) the volume of such research over time;

and

(C) competition in the research market;

(3) conflicts of interest relating to the production and distribution of investment research;

(4) the costs of such research;

(5) the impacts of different payment mechanisms for investment research into small issuers, including whether such research is paid for by—

(A) hard-dollar payments from research clients;

(B) payments directed from the client’s commission income (i.e., “soft dollars”); or
(C) payments from the issuer that is the
subject of such research;

(6) any unique challenges faced by minority-
owned, women-owned, and veteran-owned small
issuers in obtaining research coverage; and

(7) the impact on the availability of research
coverage for small issuers due to—

(A) investment adviser concentration and
consolidation, including any potential impacts of
fund-size on demand for investment research of
small issuers;

(B) broker and dealer concentration and
consolidation, including any relationships be-
tween the size of the firm and allocation of re-
sources for investment research into small
issuers;

(C) Securities and Exchange Commission
rules;

(D) registered national securities associa-
tion rules;

(E) State and Federal liability concerns;

(F) the settlement agreements referenced
in Securities and Exchange Commission Litiga-
tion Release No. 18438 (i.e., the “Global Re-
search Analyst Settlement”); and

(e) REPORT REQUIRED.—Not later than 180 days after the date of the enactment of this Act, the Securities and Exchange Commission shall submit to Congress a report that includes—

(1) the results of the study required by subsection (a); and

(2) recommendations to increase the demand for, volume of, and quality of investment research into small issuers, including emerging growth companies and companies considering initial public offerings.