

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO H.R. 2812  
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 (“Commission”), in consultation with the Financial  
7 Industry Regulatory Authority, shall carry out a study of  
8 the costs associated with small- and medium-sized compa-  
9 nies to undertake initial public offerings (“IPOs”). In car-  
10 rying out such 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.

