



Original Signature of Member

118TH CONGRESS  
1ST SESSION

**H. R.**

To require the Securities and Exchange Commission to carry out a study and rulemaking on the definition of the term “small entity” for purposes of the securities laws, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

Mrs. WAGNER introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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**A BILL**

To require the Securities and Exchange Commission to carry out a study and rulemaking on the definition of the term “small entity” for purposes of the securities laws, and for other purposes.

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 “Small Entity Update  
5       Act”.

1   **SEC. 2. STUDIES, REPORTS, AND RULES REGARDING SMALL**  
2                   **ENTITIES.**

3                   (a) **DEFINITIONS.**—In this section—

4                   (1) the term “Commission” means the Securi-  
5                   ties and Exchange Commission;

6                   (2) the term “Committee” means the Small  
7                   Business Capital Formation Advisory Committee es-  
8                   tablished under section 40 of the Securities Ex-  
9                   change Act of 1934 (15 U.S.C. 78qq);

10                  (3) the term “Office” means the Office of the  
11                  Advocate for Small Business Capital Formation es-  
12                  tablished under section 4(j) of the Securities Ex-  
13                  change Act of 1934 (15 U.S.C. 78d(j)); and

14                  (4) the term “small entity”—

15                  (A) has the meaning given the term in sec-  
16                  tion 601 of title 5, United States Code, with re-  
17                  spect to the activities of the Commission; and

18                  (B) includes any definition established by  
19                  the Commission of the term “small business”,  
20                  “small organization”, or “small governmental  
21                  jurisdiction” under paragraph (3), (4), or (5),  
22                  respectively, of section 601 of title 5, United  
23                  States Code, with respect to the activities of the  
24                  Commission.

1 (b) STUDIES AND REPORTS.—Not later than 1 year  
2 after the date of enactment of this Act, and once every  
3 5 years thereafter, the Commission shall—

11 (A) the extent to which the definition of  
12 the term “small entity”, as in effect during the  
13 period in which the study is conducted, aligns  
14 with the findings and declarations made under  
15 section 2(a) of the Regulatory Flexibility Act (5  
16 U.S.C. 601 note);

17 (B) the amount by which financial markets  
18 in the United States have grown since the last  
19 time the Commission amended the definition of  
20 the term “small entity”, if applicable; and

21 (C) how the Commission should define the  
22 term “small entity” to ensure that a meaningful  
23 number of entities would fall under that defini-  
24 tion; and

25 (2) submit to Congress a report that includes—

3 (B) specific and detailed recommendations  
4 on the ways in which the Commission could  
5 amend the definition of the term “small entity”  
6 to—

7 (i) be consistent with the results de-  
8 scribed in subparagraph (A); and

9 (ii) expand the number of entities cov-  
10 ered by such definition.

11 (c) RULEMAKING.—