

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. _____
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 Cost Act”.

4 SEC. 2. STUDY ON IPO FEES.

5 (a) STUDY.—The Comptroller General of the United
6 States, in consultation with the Securities and Exchange
7 Commission and the Financial Industry Regulatory Au-
8 thority, shall carry out a study of the costs associated with
9 small- and medium-sized companies to undertake initial
10 public offerings (“IPOs”). In carrying out such study, the
11 Comptroller General shall—

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

14 (A) fees of accountants, underwriters, and
15 any other outside advisors with respect to the
16 IPO;

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

1 (C) such other IPO-related costs as the
2 Comptroller General may consider;

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 Comptroller General determines is appropriate to
13 analyze IPO pricing practices, considering—

14 (A) the number of IPOs;

15 (B) how costs for IPOs have evolved over
16 time for underwriters, investment advisory
17 firms, and other professions for services in con-
18 nection 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 IPOs costs;

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

4 (F) the impacts of litigation and its costs
5 on being a public company.

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 Comptroller General of the United States shall issue
9 a report to the Congress containing all findings and deter-
10 minations made in carrying out the study required under
11 subsection (a) and any administrative or legislative rec-
12 ommendations the Comptroller General may have.

