

**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 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.

