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(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.

IN THE HOUSE OF REPRESENTATIVES

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

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—

4 (1) in consultation with the Committee, the Of-
5 fice, and the Office of Advocacy of the Small Busi-
6 ness Administration, conduct a study of the defini-
7 tion of the term “small entity” with respect to the
8 activities of the Commission for the purposes of
9 chapter 6 of title 5, United States Code, which shall
10 consider—

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—

1 (A) the results of the applicable study con-
2 ducted under paragraph (1); and

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.—

12 (1) PROPOSED RULES.—Not later than 180
13 days after the date on which the Commission sub-
14 mits to Congress a report required under subsection
15 (b)(2), the Commission shall issue a proposed rule
16 that implements the recommendations described in
17 subsection (b)(2)(B).

18 (2) FINAL RULES.—Not later than 180 days
19 after the date on which the Commission publishes a
20 proposed rule under paragraph (1) in the Federal
21 Register, the Commission shall issue a final version
22 of that rule.