

[DISCUSSION DRAFT]

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. STUDIES, REPORTS, AND RULES REGARDING**
4 **SMALL ENTITIES.**

5 (a) DEFINITIONS.—In this section—

6 (1) the term “Commission” means the Securi-
7 ties and Exchange Commission;

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

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

9 (4) the term “small entity”—

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

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

20 (b) STUDIES AND REPORTS.—Not later than 1 year
21 after the date of enactment of this Act, and once every
22 5 years thereafter, the Commission shall—

23 (1) in consultation with the Committee, the Of-
24 fice, and the Office of Advocacy of the Small Busi-
25 ness Administration, conduct a study of the defini-

1 tion of the term “small entity” with respect to the
2 activities of the Commission for the purposes of
3 chapter 6 of title 5, United States Code, which shall
4 consider—

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

11 (B) the amount by which financial markets
12 in the United States have grown since the last
13 time the Commission amended the definition of
14 the term “small entity”, if applicable; and

15 (C) how the Commission should define the
16 term “small entity” to ensure that a meaningful
17 number of entities would fall under that defini-
18 tion; and

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

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

22 (B) specific and detailed recommendations
23 on the ways in which the Commission could
24 amend the definition of the term “small entity”
25 to—

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

3 (ii) expand the number of entities cov-
4 ered by such definition.

5 (c) RULEMAKING.—

6 (1) PROPOSED RULES.—Not later than 180
7 days after the date on which the Commission sub-
8 mits to Congress a report required under subsection
9 (b)(2), the Commission shall issue a proposed rule
10 that implements the recommendations described in
11 subsection (b)(2)(B).

12 (2) FINAL RULES.—Not later than 180 days
13 after the date on which the Commission publishes a
14 proposed rule under paragraph (1) in the Federal
15 Register, the Commission shall issue a final version
16 of that rule.