

118TH CONGRESS  
1ST SESSION

# H. R. 2812

To require the Securities and Exchange Commission to carry out a study of the costs associated with small- and medium-sized companies to undertake initial public offerings.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 25, 2023

Mr. HIMES introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To require the Securities and Exchange Commission to carry out a study of the costs associated with small- and medium-sized companies to undertake initial public offerings.

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 “Middle Market IPO  
5 Underwriting Cost Act”.

6 **SEC. 2. STUDY ON IPO FEES.**

7 (a) STUDY.—The Securities and Exchange Commis-  
8 sion, in consultation with the Financial Industry Regu-

1 latory Authority, shall carry out a study of the costs asso-  
2 ciated with small- and medium-sized companies to under-  
3 take initial public offerings (“IPOs”). In carrying out such  
4 study, the Commission shall—

5 (1) consider the direct and indirect costs of an  
6 IPO, including—

7 (A) fees, such as gross spreads paid to un-  
8 derwriters, IPO advisors, and other profes-  
9 sionals;

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

12 (C) such other IPO-related costs as the  
13 Commission determines appropriate;

14 (2) compare and analyze the costs of an IPO  
15 with the costs of obtaining alternative sources of fi-  
16 nancing and of liquidity;

17 (3) consider the impact of such costs on capital  
18 formation;

19 (4) analyze the impact of these costs on the  
20 availability of public securities of small- and me-  
21 dium-sized companies to retail investors; and

22 (5) analyze trends in IPOs over a time period  
23 the Commission determines is appropriate to analyze  
24 IPO pricing practices, considering—

25 (A) the number of IPOs;

1 (B) how costs for IPOs have evolved over  
2 time, including fees paid to underwriters, in-  
3 vestment advisory firms, and other professions  
4 for services in connection with an IPO;

5 (C) the number of brokers and dealers ac-  
6 tive in underwriting IPOs;

7 (D) the different types of services that un-  
8 derwriters and related persons provide before  
9 and after a small- or medium-sized company  
10 IPO and the factors impacting underwriting  
11 costs;

12 (E) changes in the costs and availability of  
13 investment research for small- and medium-  
14 sized companies; and

15 (F) any other consideration the Commis-  
16 sion considers necessary and appropriate.

17 (b) REPORT.—Not later than the end of the 360-day  
18 period beginning on the date of the enactment of this Act,  
19 the Commission shall issue a report to the Congress con-  
20 taining all findings and determinations made in carrying  
21 out the study required under subsection (a) and any ad-  
22 ministrative or legislative recommendations the Commis-  
23 sion may have.

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