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(Original Signature of Member)

115TH CONGRESS  
2D SESSION

# H. R. 6324

To require the Securities and Exchange Commission to carry out a study of the direct and indirect underwriting fees, including gross spreads, for mid-sized initial public offerings.

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## IN THE HOUSE OF REPRESENTATIVES

Mr. HIMES introduced the following bill; which was referred to the Committee on \_\_\_\_\_

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## A BILL

To require the Securities and Exchange Commission to carry out a study of the direct and indirect underwriting fees, including gross spreads, for mid-sized 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”.

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

2 (a) STUDY.—The Securities and Exchange Commis-  
3 sion, in consultation with the Financial Industry Regu-  
4 latory Authority, shall carry out a study of the direct and  
5 indirect underwriting costs, including gross spreads and  
6 pricing practices, for mid-sized initial public offerings  
7 (“IPO”). In carrying out such study, the Commission  
8 shall—

9 (1) compare underwriting fees in foreign coun-  
10 tries to those in the United States;

11 (2) analyze the relationship between the costs of  
12 taking a company public and the underwriting fees,  
13 including gross spreads;

14 (3) compare the underwriting fees for larger  
15 company IPOs compared with mid-sized IPOs;

16 (4) look at the changes to underwriting fees, if  
17 any, between 1980 and today; and

18 (5) consider—

19 (A) the reasons for any disparities identi-  
20 fied under paragraphs (1) through (4);

21 (B) whether such fees limit capital forma-  
22 tion and whether any such impact is reasonable;

23 (C) how such fees may factor into a com-  
24 pany’s decision to go public;

25 (D) alternatives to going public through  
26 the traditional underwriting process, such as di-

1           rectly listing with a national securities exchange  
2           or filing a Form 10; and

3           (E) any other consideration the Commis-  
4           sion considers necessary and appropriate.

5           (b) REPORT.—Not later than the end of the 360-day  
6           period beginning on the date of the enactment of this Act,  
7           the Commission shall issue a report to the Congress con-  
8           taining all findings and determinations made in carrying  
9           out the study required under subsection (a) and any ad-  
10          ministrative or legislative recommendations the Commis-  
11          sion may have.