

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.

---

## IN THE HOUSE OF REPRESENTATIVES

JULY 10, 2018

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

---

## 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”.

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 direct and  
2 indirect underwriting costs, including gross spreads and  
3 pricing practices, for mid-sized initial public offerings  
4 (“IPO”). In carrying out such study, the Commission  
5 shall—

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

8 (2) analyze the relationship between the costs of  
9 taking a company public and the underwriting fees,  
10 including gross spreads;

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

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

15 (5) consider—

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

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

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

22 (D) alternatives to going public through  
23 the traditional underwriting process, such as di-  
24 rectly listing with a national securities exchange  
25 or filing a Form 10; and

1                   (E) any other consideration the Commis-  
2                   sion considers necessary and appropriate.

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

○