

[DISCUSSION DRAFT]

119TH CONGRESS
1ST SESSION

H. R. _____

To require the Comptroller General of the United States to carry out a study of the costs associated with small- and medium-sized companies to undertake initial public offerings.

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

To require the Comptroller General of the United States 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”.

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

2 (a) STUDY.—The Comptroller General of the United
3 States, in consultation with the Securities and Exchange
4 Commission and the Financial Industry Regulatory Au-
5 thority, shall carry out a study of the costs associated with
6 small- and medium-sized companies to undertake initial
7 public offerings (“IPOs”). In carrying out such study, the
8 Comptroller General shall—

9 (1) consider the direct and indirect costs of an
10 IPO, including—

11 (A) fees of accountants, underwriters, and
12 any other outside advisors with respect to the
13 IPO;

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

16 (C) such other IPO-related costs as the
17 Comptroller General may consider;

18 (2) compare and analyze the costs of an IPO
19 with the costs of obtaining alternative sources of fi-
20 nancing and of liquidity;

21 (3) consider the impact of such costs on capital
22 formation;

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

1 (5) analyze trends in IPOs over a time period
2 the Comptroller General determines is appropriate to
3 analyze IPO pricing practices, considering—

4 (A) the number of IPOs;

5 (B) how costs for IPOs have evolved over
6 time for underwriters, investment advisory
7 firms, and other professions for services in con-
8 nection with an IPO;

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

11 (D) the different types of services that un-
12 derwriters and related persons provide before
13 and after a small- or medium-sized company
14 IPO and the factors impacting IPOs costs;

15 (E) changes in the costs and availability of
16 investment research for small- and medium-
17 sized companies; and

18 (F) the impacts of litigation and its costs
19 on being a public company.

20 (b) REPORT.—Not later than the end of the 360-day
21 period beginning on the date of the enactment of this Act,
22 the Comptroller General shall issue a report to the Con-
23 gress containing all findings and determinations made in
24 carrying out the study required under subsection (a) and

- 1 any administrative or legislative recommendations the
- 2 Comptroller General may have.