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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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Middle Market IPO Underwriting Cost Act''.

SEC. 2. STUDY ON IPO FEES.

(a) STUDY.—The Securities and Exchange Commission, in consultation with the Financial Industry Regulatory Authority, shall carry out a study of the direct and indirect underwriting costs, including gross spreads and pricing practices, for mid-sized initial public offerings ("IPO"). In carrying out such study, the Commission shall—

(1) compare underwriting fees in foreign countries to those in the United States;

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

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

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

(5) consider—

(A) the reasons for any disparities identified under paragraphs (1) through (4);

(B) whether such fees limit capital formation and whether any such impact is reasonable;

(C) how such fees may factor into a company's decision to go public;

(D) alternatives to going public through the traditional underwriting process, such as directly listing with a national securities exchange or filing a Form 10; and

(E) any other consideration the Commission considers necessary and appropriate.

(b) REPORT.—Not later than the end of the 360-day period beginning on the date of the enactment of this Act, the Commission shall issue a report to the Congress containing all findings and determinations made in carrying out the study required under subsection (a) and any administrative or legislative recommendations the Commission may have.

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