

118TH CONGRESS
1ST SESSION

H. R. 2792

To require the Securities and Exchange Commission to carry out a study and rulemaking on the definition of the term “small entity” for purposes of the securities laws, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 20, 2023

Mrs. WAGNER 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 and rulemaking on the definition of the term “small entity” for purposes of the securities laws, and for other purposes.

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 “Small Entity Update
5 Act”.

6 **SEC. 2. STUDIES, REPORTS, AND RULES REGARDING SMALL**
7 **ENTITIES.**

8 (a) **DEFINITIONS.**—In this section—

1 (1) the term “Commission” means the Securi-
2 ties and Exchange Commission;

3 (2) the term “Committee” means the Small
4 Business Capital Formation Advisory Committee es-
5 tablished under section 40 of the Securities Ex-
6 change Act of 1934 (15 U.S.C. 78qq);

7 (3) the term “Office” means the Office of the
8 Advocate for Small Business Capital Formation es-
9 tablished under section 4(j) of the Securities Ex-
10 change Act of 1934 (15 U.S.C. 78d(j)); and

11 (4) the term “small entity”—

12 (A) has the meaning given the term in sec-
13 tion 601 of title 5, United States Code, with re-
14 spect to the activities of the Commission; and

15 (B) includes any definition established by
16 the Commission of the term “small business”,
17 “small organization”, or “small governmental
18 jurisdiction” under paragraph (3), (4), or (5),
19 respectively, of section 601 of title 5, United
20 States Code, with respect to the activities of the
21 Commission.

22 (b) STUDIES AND REPORTS.—Not later than 1 year
23 after the date of enactment of this Act, and once every
24 5 years thereafter, the Commission shall—

1 (1) in consultation with the Committee, the Of-
2 fice, and the Office of Advocacy of the Small Busi-
3 ness Administration, conduct a study of the defini-
4 tion of the term “small entity” with respect to the
5 activities of the Commission for the purposes of
6 chapter 6 of title 5, United States Code, which shall
7 consider—

8 (A) the extent to which the definition of
9 the term “small entity”, as in effect during the
10 period in which the study is conducted, aligns
11 with the findings and declarations made under
12 section 2(a) of the Regulatory Flexibility Act (5
13 U.S.C. 601 note);

14 (B) the amount by which financial markets
15 in the United States have grown since the last
16 time the Commission amended the definition of
17 the term “small entity”, if applicable; and

18 (C) how the Commission should define the
19 term “small entity” to ensure that a meaningful
20 number of entities would fall under that defini-
21 tion; and

22 (2) submit to Congress a report that includes—

23 (A) the results of the applicable study con-
24 ducted under paragraph (1); and

1 (B) specific and detailed recommendations
2 on the ways in which the Commission could
3 amend the definition of the term “small entity”
4 to—

5 (i) be consistent with the results de-
6 scribed in subparagraph (A); and

7 (ii) expand the number of entities cov-
8 ered by such definition.

9 (c) RULEMAKING.—

10 (1) PROPOSED RULES.—Not later than 180
11 days after the date on which the Commission sub-
12 mits to Congress a report required under subsection
13 (b)(2), the Commission shall issue a proposed rule
14 that implements the recommendations described in
15 subsection (b)(2)(B).

16 (2) FINAL RULES.—Not later than 180 days
17 after the date on which the Commission publishes a
18 proposed rule under paragraph (1) in the Federal
19 Register, the Commission shall issue a final version
20 of that rule.

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