

## Union Calendar No. 59

118TH CONGRESS  
1ST SESSION

# H. R. 2792

**[Report No. 118–80]**

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.

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### IN THE HOUSE OF REPRESENTATIVES

APRIL 20, 2023

Mrs. WAGNER introduced the following bill; which was referred to the  
Committee on Financial Services

MAY 30, 2023

Additional sponsors: Mr. HIMES, Mr. DAVID SCOTT of Georgia, Mr. TORRES  
of New York, Mr. LAWLER, and Mr. CASTEN

MAY 30, 2023

Reported with an amendment, committed to the Committee of the Whole  
House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on April 20, 2023]

# **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—*

9 *(1) the term “Commission” means the Securities*  
10 *and Exchange Commission; and*

11 *(2) 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 again 5 years*  
24 *thereafter, the Commission shall—*

1           (1) *conduct a study of the definition of the term*  
2           *“small entity” with respect to the activities of the*  
3           *Commission for the purposes of chapter 6 of title 5,*  
4           *United States Code, which shall consider—*

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

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

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

19           (2) *submit to Congress a report that includes—*

20                   (A) *the results of the applicable study con-*  
21                   *ducted under paragraph (1); and*

22                   (B) *specific and detailed recommendations*  
23                   *on the ways in which the Commission could*  
24                   *amend the definition of the term “small entity”*  
25                   *to—*

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

3                   (ii) expand the number of entities cov-  
4                   ered by such definition.

5           (c) *RULEMAKING.*—After the completion of each study  
6 required under subsection (b), the Commission shall, subject  
7 to public notice and comment, revise the rules of the Com-  
8 mission consistent with the results of such study.

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