



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 18, 2015

H.R. 1525 **Disclosure Modernization and Simplification Act of 2015**

As ordered reported by the House Committee on Financial Services on May 20, 2015

H.R. 1525 would require the Securities and Exchange Commission (SEC), within 180 days of enactment, to revise certain registration and disclosure requirements for securities issuers with an aim to reduce the burden on smaller companies and to remove any duplicative or unnecessary provisions. The SEC also would be required, within 360 days of enactment, to report to the Congress on ways to further simplify those regulations and, 360 days after that, to issue a proposed rule based on the findings of the report.

Based on information from the SEC, CBO estimates that implementing H.R. 1525 would cost about \$1 million over the 2016-2020 period to comply with the reporting and rulemaking requirements under the bill. The SEC is currently studying and in the process of revising certain registration and disclosure requirements, so the costs of the initial rulemaking required under the bill would not be significant. Most of the costs would be incurred to issue the report and complete a second rulemaking process. Under current law the SEC is authorized to collect fees sufficient to offset its appropriation each year; therefore, we estimate that the net cost to the SEC would be negligible, assuming appropriation action consistent with that authority. Enacting H.R. 1525 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 1525 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

If the SEC increases fees to offset the costs associated with implementing the bill, H.R. 1525 would increase the cost of an existing mandate on private entities required to pay those fees. Based on information from the SEC, CBO estimates that the incremental cost of the mandate would amount to about \$1 million over the 2016-2020 period and would fall well below the annual threshold for private-sector mandates established in UMRA (\$154 million in 2015, adjusted annually for inflation).

The CBO staff contacts for this estimate are Ben Christopher and Susan Willie (for federal costs) and Logan Smith (for the private-sector impact). The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.