



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 20, 2018

### **H.R. 6035** **Streamlining Communications for Investors Act**

*As ordered reported by the House Committee on Financial Services on June 14, 2018*

Under current law, companies that sell securities must register their offerings with the Securities and Exchange Commission (SEC) before communicating with investors about those securities. Some public companies, called well-known seasoned issuers (WKSIs), are exempt from this communication limitation if they meet specific information disclosure conditions. H.R. 6035 would expand that exemption to include communication by an underwriter or dealer acting by or on behalf of a WKSI if the WKSI provides them written authorization to act as its agent, authorizes the communication, and identifies each underwriter or dealer that made use of the exemption in the prospectus for the offering.

Using information from the SEC, CBO estimates that implementing H.R. 6035 would cost less than \$500,000 for the agency to conduct a rulemaking to expand the current exemption. However, the SEC is authorized to collect fees sufficient to offset its annual appropriation; therefore, CBO estimates that the net effect on discretionary spending would be negligible, assuming appropriation actions consistent with that authority.

Enacting H.R. 6035 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting H.R. 6035 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

H.R. 6035 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA).

If the SEC increased fees to offset its costs to conduct a rulemaking, H.R. 6035 would increase the cost of an existing mandate on private entities required to pay those fees. Using information from the SEC, CBO estimates that the incremental cost of the mandate would be small and fall well below the annual threshold for private-sector mandates established in UMRA (\$160 million in 2018, adjusted annually for inflation).

The CBO staff contacts for this estimate are Stephen Rabent (for federal costs) and Rachel Austin (for mandates). The estimate was reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.