

118TH CONGRESS  
2D SESSION

# S. 4400

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 SENATE OF THE UNITED STATES

MAY 23, 2024

Mrs. BRITT introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## 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; and

3 (2) the term “small entity”—

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

7 (B) includes any definition established by  
8 the Commission of the term “small business”,  
9 “small organization”, or “small governmental  
10 jurisdiction” under paragraph (3), (4), or (5),  
11 respectively, of section 601 of title 5, United  
12 States Code, with respect to the activities of the  
13 Commission.

14 (b) STUDIES AND REPORTS.—Not later than 1 year  
15 after the date of enactment of this Act, and again 5 years  
16 thereafter, the Commission shall—

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

21 (A) the extent to which the definition of  
22 the term “small entity”, as in effect during the  
23 period in which the study is conducted, aligns  
24 with the findings and declarations made under

1 section 2(a) of the Regulatory Flexibility Act (5  
2 U.S.C. 601 note);

3 (B) the amount by which financial markets  
4 in the United States have grown since the last  
5 time the Commission amended the definition of  
6 the term “small entity”, if applicable; and

7 (C) how the Commission should define the  
8 term “small entity” to ensure that a meaningful  
9 number of entities would fall under that defini-  
10 tion; and

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

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

14 (B) specific and detailed recommendations  
15 on the ways in which the Commission could  
16 amend the definition of the term “small entity”  
17 to—

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

20 (ii) expand the number of entities cov-  
21 ered by that definition.

22 (c) RULEMAKING.—After the completion of each  
23 study required under subsection (b), the Commission shall,  
24 subject to public notice and comment, revise the rules of  
25 the Commission consistent with the results of the study.

1       (d) INFLATION ADJUSTMENTS.—As soon as prac-  
2 ticable following the date of enactment of this Act, and  
3 every 5 years thereafter, the Commission shall adjust all  
4 dollar figures under the definition of small entity estab-  
5 lished by the Commission to reflect the change in the Con-  
6 sumer Price Index for All Urban Consumers published by  
7 the Bureau of Labor Statistics of the Department of  
8 Labor.

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