

117TH CONGRESS
2D SESSION

S. 3947

To amend the Securities Exchange Act of 1934 to permit different tick sizes for emerging growth companies, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 29, 2022

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

A BILL

To amend the Securities Exchange Act of 1934 to permit different tick sizes for emerging growth companies, 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 “Intelligent Tick Study
5 Act”.

6 **SEC. 2. TICK SIZES.**

7 Section 11A(c)(6) of the Securities Exchange Act of
8 1934 (15 U.S.C. 78k–1(c)(6)) is amended to read as fol-
9 lows:

1 “(6) TICK SIZE.—If the Commission determines that
 2 the securities of emerging growth companies should be
 3 quoted and traded using a minimum increment of greater
 4 than \$0.01, the Commission may, by rule, designate a
 5 minimum increment for the securities of emerging growth
 6 companies that is greater than \$0.01 but not more than
 7 \$0.25 for use in all quoting and trading of securities in
 8 any exchange or other venue.”.

9 **SEC. 3. REPORT.**

10 (a) DEFINITION OF SECURITY.—In this section, the
 11 term “security” has the meaning given the term in section
 12 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).

13 (b) REPORT.—Not later than 1 year after the date
 14 of enactment of this Act, the Securities and Exchange
 15 Commission shall conduct a study and submit to Congress
 16 a report that examines—

17 (1) the transition to trading and quoting securi-
 18 ties in increments other than \$0.01, which includes
 19 increments higher and lower than \$0.01;

20 (2) the impact that the change described in
 21 paragraph (1) has had on liquidity and market qual-
 22 ity for small, middle, and large capitalization com-
 23 pany securities; and

24 (3) whether there is sufficient economic incen-
 25 tive to support trading operations in the securities

- 1 described in paragraph (2) in increments other than
- 2 \$0.01.

