

# Union Calendar No. 239

118<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1807

[Report No. 118–295]

To direct the Securities and Exchange Commission to promulgate rules with respect to the electronic delivery of certain required disclosures, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 27, 2023

Mr. HUIZENGA (for himself, Mr. AUCHINCLOSS, Mr. STEIL, and Mr. NICKEL) introduced the following bill; which was referred to the Committee on Financial Services

DECEMBER 1, 2023

Additional sponsor: Mr. RUTHERFORD

DECEMBER 1, 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 March 27, 2023]

# **A BILL**

To direct the Securities and Exchange Commission to promulgate rules with respect to the electronic delivery of certain required disclosures, 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 “Improving Disclosure*  
5 *for Investors Act of 2023”.*

6 **SEC. 2. ELECTRONIC DELIVERY.**

7        (a) *PROMULGATION OF RULES.*—*Not later than 180*  
8 *days after the date of the enactment of this section, the Secu-*  
9 *rities and Exchange Commission shall propose and, not*  
10 *later than 1 year after the date of the enactment of this*  
11 *section, the Commission shall finalize, rules, regulations,*  
12 *amendments, or interpretations, as appropriate, to allow*  
13 *a covered entity to satisfy the entity’s obligation to deliver*  
14 *regulatory documents required under the securities laws to*  
15 *investors using electronic delivery.*

16        (b) *REQUIRED PROVISIONS.*—*Rules, regulations,*  
17 *amendments, or interpretations the Commission promul-*  
18 *gates pursuant to subsection (a) shall:*

19                (1) *With respect to investors that do not receive*  
20 *all regulatory documents by electronic delivery, pro-*  
21 *vide for—*

22                        (A) *delivery of an initial communication in*  
23 *paper form regarding electronic delivery;*

1           (B) a transition period not to exceed 180  
2           days until such regulatory documents are deliv-  
3           ered to such investors by electronic delivery; and

4           (C) during a period not to exceed 2 years  
5           following the transition period set forth in sub-  
6           paragraph (B), delivery of an annual notice in  
7           paper form solely reminding such investors of the  
8           ability to opt out of electronic delivery at any  
9           time and receive paper versions of regulatory  
10          documents.

11          (2) Set forth requirements for the content of the  
12          initial communication described in paragraph (1)(A).

13          (3) Set forth requirements for the timing of de-  
14          livery of a notice of website availability of regulatory  
15          documents and the content of the appropriate notice  
16          described in subsection (h)(3)(B).

17          (4) Provide a mechanism for investors to opt out  
18          of electronic delivery at any time and receive paper  
19          versions of regulatory documents.

20          (5) Require measures reasonably designed to  
21          identify and remediate failed electronic deliveries of  
22          regulatory documents.

23          (6) Set forth minimum requirements regarding  
24          readability and retainability for regulatory docu-  
25          ments that are delivered electronically.

1           (7) *For covered entities other than brokers, deal-*  
2           *ers, investment advisers registered with the Commis-*  
3           *sion, and investment companies, require measures*  
4           *reasonably designed to ensure the confidentiality of*  
5           *personal information in regulatory documents that*  
6           *are delivered to investors electronically.*

7           (c) *EXEMPTION FROM CERTAIN REQUIREMENTS.—*  
8           *Section 101(c) of the Electronic Signatures in Global and*  
9           *National Commerce Act (15 U.S.C. 7001(c)) shall not apply*  
10          *with respect to a regulatory document delivered in accord-*  
11          *ance with this section.*

12          (d) *RULE OF CONSTRUCTION.—Nothing in this section*  
13          *shall be construed as altering the substance or timing of*  
14          *any regulatory document obligation under the securities*  
15          *laws or regulations of a self-regulatory organization.*

16          (e) *TREATMENT OF REVISIONS NOT COMPLETED IN A*  
17          *TIMELY MANNER.—If the Commission fails to finalize the*  
18          *rules, regulations, amendments, or interpretations required*  
19          *under subsection (a) before the date specified in such sub-*  
20          *section—*

21                 (1) *a covered entity may deliver regulatory docu-*  
22                 *ments using electronic delivery in accordance with*  
23                 *subsections (b) through (d); and*

24                 (2) *such electronic delivery shall be deemed to*  
25                 *satisfy the obligation of the covered entity to deliver*

1 *regulatory documents required under the securities*  
2 *laws.*

3 *(f) OTHER REQUIRED ACTIONS.—*

4 *(1) REVIEW OF RULES.—The Commission*  
5 *shall—*

6 *(A) within 180 days of the date of enact-*  
7 *ment of this Act, conduct a review of the rules*  
8 *and regulations of the Commission to determine*  
9 *whether any such rules or regulations require de-*  
10 *livery of written documents to investors; and*

11 *(B) within 1 year of the date of enactment*  
12 *of this Act, promulgate amendments to such rules*  
13 *or regulations to provide that any requirement*  
14 *to deliver a regulatory document “in writing”*  
15 *may be satisfied by electronic delivery.*

16 *(2) ACTIONS BY SELF-REGULATORY ORGANIZA-*  
17 *TIONS.—Each self-regulatory organization shall adopt*  
18 *rules and regulations, or amend the rules and regula-*  
19 *tions of the self-regulatory organization, consistent*  
20 *with this Act and consistent with rules, regulations,*  
21 *amendments, or interpretations finalized by the Com-*  
22 *mission pursuant to subsection (a).*

23 *(3) RULE OF APPLICATION.—This subsection*  
24 *shall not apply to a rule or regulation issued pursu-*  
25 *ant to a Federal statute if that Federal statute spe-*

1       *cifically requires delivery of written documents to in-*  
2       *vestors.*

3       *(g) DEFINITIONS.—In this section:*

4             *(1) COMMISSION.—The term “Commission”*  
5       *means the Securities and Exchange Commission.*

6             *(2) COVERED ENTITY.—The term “covered enti-*  
7       *ty” means—*

8                     *(A) an investment company (as defined in*  
9       *section 3(a)(1) of the Investment Company Act*  
10       *of 1940 (15 U.S.C. 80a–3(a)(1))) that is reg-*  
11       *istered under such Act;*

12                    *(B) a business development company (as de-*  
13       *fined in section 2(a) the Investment Company*  
14       *Act of 1940 (15 U.S.C. 80a–2(a))) that has elect-*  
15       *ed to be regulated as such under such Act;*

16                    *(C) a registered broker or dealer (as defined*  
17       *in section 3(a)(4) and section 3(a)(5) of the Se-*  
18       *curities Exchange Act of 1934) (15 U.S.C.*  
19       *78c(a)(4) & 78c(a)(5));*

20                    *(D) a registered municipal securities dealer*  
21       *(as defined in section 3(a)(30) of the Securities*  
22       *Exchange Act of 1934) (15 U.S.C. 78c(a)(30));*

23                    *(E) a registered government securities*  
24       *broker or government securities dealer (as de-*  
25       *fined in section 3(a)(43) and section 3(a)(44) of*

1           *the Securities Exchange Act of 1934) (15 U.S.C.*  
2           *78c(a)(43) & 78c(a)(44));*

3           *(F) a registered investment adviser (as de-*  
4           *defined in section 202(a)(11) of the Investment Ad-*  
5           *visers Act of 1940) (15 U.S.C. 80b-1(a)(11));*

6           *(G) a registered transfer agent (as defined*  
7           *in section 3(a)(25) of the Securities Exchange*  
8           *Act of 1934) (15 U.S.C. 78c(a)(25)); or*

9           *(H) a registered funding portal (as defined*  
10          *in the second paragraph (80) of section 3(a) of*  
11          *the Securities Exchange Act of 1934) (15 U.S.C.*  
12          *78c(a)(80)).*

13          (3) *ELECTRONIC DELIVERY.*—*The term “elec-*  
14          *tronic delivery”, with respect to regulatory docu-*  
15          *ments, includes—*

16                 *(A) the direct delivery of such regulatory*  
17                 *document to an electronic address of an investor;*

18                 *(B) the posting of such regulatory document*  
19                 *to a website and direct electronic delivery of an*  
20                 *appropriate notice of the availability of the regu-*  
21                 *latory document to the investor; and*

22                 *(C) an electronic method reasonably de-*  
23                 *signed to ensure receipt of such regulatory docu-*  
24                 *ment by the investor.*

1           (4) *REGULATORY DOCUMENTS.*—*The term “regu-*  
2           *latory documents” includes—*

3                   (A) *prospectuses meeting the requirements*  
4                   *of section 10(a) of the Securities Act of 1933 (15*  
5                   *U.S.C. 77j(a));*

6                   (B) *summary prospectuses meeting the re-*  
7                   *quirements of—*

8                           (i) *section 230.498 of title 17, Code of*  
9                           *Federal Regulations; or*

10                           (ii) *section 230.498A of title 17, Code*  
11                           *of Federal Regulations;*

12                   (C) *statements of additional information, as*  
13                   *described under section 270.30e-3(h)(3) of title*  
14                   *17, Code of Federal Regulations;*

15                   (D) *annual and semi-annual reports to in-*  
16                   *vestors meeting the requirements of section 30(e)*  
17                   *of the Investment Company Act of 1940 (15*  
18                   *U.S.C. 80a-29(e));*

19                   (E) *notices meeting the requirements under*  
20                   *section 270.19a-1 of title 17, Code of Federal*  
21                   *Regulations;*

22                   (F) *confirmations and account statements*  
23                   *meeting the requirements under section 240.10b-*  
24                   *10 of title 17, Code of Federal Regulations;*

1           (G) proxy statements meeting the require-  
2           ments under section 240.14a-3 of title 17, Code  
3           of Federal Regulations;

4           (H) privacy notices meeting the require-  
5           ments of Regulation S-P under subpart A of  
6           part 248 of title 17, Code of Federal Regulations;

7           (I) affiliate marketing notices meeting the  
8           requirements of Regulation S-AM under subpart  
9           B of part 248 of title 17, Code of Federal Regu-  
10          lations; and

11          (J) all other regulatory documents required  
12          to be delivered by covered entities to investors  
13          under the securities laws and the rules and regu-  
14          lations of the Commission and the self-regulatory  
15          organizations.

16          (5) *SECURITIES LAWS.*—The term “securities  
17          laws” has the meaning given the term in section 3(a)  
18          of the Securities Exchange Act of 1934 (15 U.S.C.  
19          78c(a)).

20          (6) *SELF-REGULATORY ORGANIZATION.*—The  
21          term “self-regulatory organization” means—

22                 (A) a self-regulatory organization, as de-  
23                 fined in section 2(a)(26) of the Securities Ex-  
24                 change Act of 1934 (15 U.S.C. 78c(a)(26)); and

1                   (B) *the Municipal Securities Rulemaking*  
2                   *Board.*

3                   (7) *WEBSITE.—The term “website” means an*  
4                   *internet website or other digital, internet, or elec-*  
5                   *tronic-based information repository, such as a mobile*  
6                   *application, to which an investor of a covered entity*  
7                   *has been provided reasonable access.*

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