

118TH CONGRESS
2D SESSION

S. 3815

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

IN THE SENATE OF THE UNITED STATES

FEBRUARY 27, 2024

By Mr. THUNE (for Mr. TILLIS (for himself and Mr. HICKENLOOPER)) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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 2024”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act:

8 (1) COMMISSION.—The term “Commission”
9 means the Securities and Exchange Commission.

1 (2) COVERED ENTITY.—The term “covered en-
2 tity” means—

3 (A) an investment company, as defined in
4 section 3(a)(1) of the Investment Company Act
5 of 1940 (15 U.S.C. 80a–3(a)(1)), that is reg-
6 istered under such Act;

7 (B) a business development company, as
8 defined in section 2(a) the Investment Company
9 Act of 1940 (15 U.S.C. 80a–2(a));

10 (C) a registered broker or dealer, as those
11 terms are defined in section 3(a) of the Securi-
12 ties Exchange Act of 1934 (15 U.S.C. 78c(a));

13 (D) a registered municipal securities deal-
14 er, as defined in section 3(a) of the Securities
15 Exchange Act of 1934 (15 U.S.C. 78c(a));

16 (E) a registered government securities
17 broker or government securities dealer, as de-
18 fined in section 3(a) of the Securities Exchange
19 Act of 1934 (15 U.S.C. 78c(a));

20 (F) a registered investment adviser, as de-
21 fined in section 202(a) of the Investment Advis-
22 ers Act of 1940 (15 U.S.C. 80b–1(a));

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

1 (H) a registered funding portal, as defined
2 in section 3(a) of the Securities Exchange Act
3 of 1934) (15 U.S.C. 78c(a)).

4 (3) ELECTRONIC DELIVERY.—The term “elec-
5 tronic delivery”, with respect to regulatory docu-
6 ments, includes—

7 (A) the direct delivery of such regulatory
8 document to an electronic address of an inves-
9 tor;

10 (B) the posting of such regulatory docu-
11 ment to a website and direct electronic delivery
12 of an appropriate notice of the availability of
13 the regulatory document to the investor; and

14 (C) an electronic method reasonably de-
15 signed to ensure receipt of such regulatory doc-
16 ument by the investor.

17 (4) REGULATORY DOCUMENTS.—The term
18 “regulatory documents” includes—

19 (A) prospectuses meeting the requirements
20 of section 10(a) of the Securities Act of 1933
21 (15 U.S.C. 77j(a));

22 (B) summary prospectuses meeting the re-
23 quirements of section 230.498 or 230.498A of
24 title 17, Code of Federal Regulations;

1 (C) Statements of Additional Information,
2 as defined in section 270.30e-3(h) of title 17,
3 Code of Federal Regulations;

4 (D) annual and semiannual reports to in-
5 vestors meeting the requirements of section
6 30(e) of the Investment Company Act of 1940
7 (15 U.S.C. 80a-29(e));

8 (E) notices meeting the requirements of
9 section 270.19a-1 of title 17, Code of Federal
10 Regulations;

11 (F) confirmations and account statements
12 meeting the requirements of section 240.10b-10
13 of title 17, Code of Federal Regulations;

14 (G) proxy statements meeting the require-
15 ments of section 240.14a-3 of title 17, Code of
16 Federal Regulations;

17 (H) privacy notices meeting the require-
18 ments of Regulation S-P under subpart A of
19 part 248 of title 17, Code of Federal Regula-
20 tions;

21 (I) affiliate marketing notices meeting the
22 requirements of Regulation S-AM under sub-
23 part B of part 248 of title 17, Code of Federal
24 Regulations; and

1 (J) all other regulatory documents re-
2 quired to be delivered by covered entities to in-
3 vestors under the securities laws and the rules
4 and regulations of the Commission and the self-
5 regulatory organizations.

6 (5) SECURITIES LAWS.—The term “securities
7 laws” has the meaning given the term in section
8 3(a) of the Securities Exchange Act of 1934 (15
9 U.S.C. 78c(a)).

10 (6) SELF-REGULATORY ORGANIZATION.—The
11 term “self-regulatory organization” means a self-
12 regulatory organization, as defined in section 3(a) of
13 the Securities Exchange Act of 1934 (15 U.S.C.
14 78c(a)).

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

20 **SEC. 3. ELECTRONIC DELIVERY.**

21 (a) PROMULGATION OF RULES.—Not later than 180
22 days after the date of the enactment of this section, the
23 Commission shall propose and, not later than 1 year after
24 the date of the enactment of this section, the Commission
25 shall finalize, rules, regulations, amendments, or interpre-

1 tations, as appropriate, to allow a covered entity to satisfy
2 the obligation of the entity to deliver regulatory documents
3 required under the securities laws to investors using elec-
4 tronic delivery.

5 (b) REQUIRED PROVISIONS.—Rules, regulations,
6 amendments, or interpretations the Commission promul-
7 gates pursuant to subsection (a) shall—

8 (1) with respect to investors that do not receive
9 all regulatory documents by electronic delivery, pro-
10 vide for—

11 (A) delivery of an initial communication in
12 paper form regarding electronic delivery;

13 (B) a transition period not to exceed 180
14 days until such regulatory documents are deliv-
15 ered to such investors by electronic delivery;
16 and

17 (C) during a period not to exceed 2 years
18 following the transition period set forth in sub-
19 paragraph (B), delivery of an annual notice in
20 paper form solely reminding such investors of
21 the ability to opt out of electronic delivery at
22 any time and receive paper versions of regu-
23 latory documents;

24 (2) set forth requirements for the content of the
25 initial communication described in paragraph (1)(A);

1 (3) set forth requirements for the timing of de-
2 livery of a notice of website availability of regulatory
3 documents and the content of the appropriate notice
4 described in section 2(3)(B);

5 (4) provide a mechanism for investors to opt
6 out of electronic delivery at any time and receive
7 paper versions of regulatory documents;

8 (5) require measures reasonably designed to
9 identify and remediate failed electronic deliveries of
10 regulatory documents;

11 (6) set forth minimum requirements regarding
12 readability and retainability for regulatory docu-
13 ments that are delivered electronically; and

14 (7) for covered entities other than brokers,
15 dealers, investment advisers registered with the
16 Commission, and investment companies, require
17 measures reasonably designed to ensure the con-
18 fidentiality of personal information in regulatory
19 documents that are delivered to investors electroni-
20 cally.

21 (c) TREATMENT OF REVISIONS NOT COMPLETED IN
22 A TIMELY MANNER.—If the Commission fails to finalize
23 the rules, regulations, amendments, or interpretations re-
24 quired under subsection (a) before the date specified in
25 such subsection—

1 (1) a covered entity may deliver regulatory doc-
2 uments using electronic delivery in accordance with
3 subsection (b); and

4 (2) such electronic delivery shall be deemed to
5 satisfy the obligation of the covered entity to deliver
6 regulatory documents required under the securities
7 laws.

8 (d) OTHER REQUIRED ACTIONS.—

9 (1) REVIEW OF RULES.—The Commission
10 shall—

11 (A) not later than 180 days after the date
12 of enactment of this Act, conduct a review of
13 the rules and regulations of the Commission to
14 determine whether any such rules or regulations
15 require delivery of written documents to inves-
16 tors; and

17 (B) not later than 1 year after the date of
18 enactment of this Act, promulgate amendments
19 to such rules or regulations to provide that any
20 requirement to deliver a regulatory document in
21 writing may be satisfied by electronic delivery.

22 (2) ACTIONS BY SELF-REGULATORY ORGANIZA-
23 TIONS.—Each self-regulatory organization shall
24 adopt rules and regulations, or amend the rules and
25 regulations of the self-regulatory organization, con-

1 sistent with this Act and consistent with rules, regu-
2 lations, amendments, or interpretations finalized by
3 the Commission pursuant to subsection (a).

4 (3) APPLICABILITY.—This subsection shall not
5 apply to a rule or regulation issued pursuant to a
6 Federal statute if that Federal statute specifically
7 requires delivery of written documents to investors.

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

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

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