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(Original Signature of Member)

118TH CONGRESS
1ST SESSION

H. R.

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 HOUSE OF REPRESENTATIVES

Mr. HUIZENGA introduced the following bill; which was referred to the Committee on _____

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

1 Securities and Exchange Commission shall propose and,
2 not later than 1 year after the date of the enactment of
3 this section, the Commission shall finalize, rules, regula-
4 tions, amendments, or interpretations, as appropriate, to
5 allow a covered entity to satisfy the entity's obligation to
6 deliver regulatory documents required under the securities
7 laws to investors using electronic delivery.

8 (b) REQUIRED PROVISIONS.—Rules, regulations,
9 amendments, or interpretations the Commission promul-
10 gates pursuant to subsection (a) shall:

11 (1) With respect to investors that do not receive
12 all regulatory documents by electronic delivery, pro-
13 vide for—

14 (A) delivery of an initial communication in
15 paper form regarding electronic delivery;

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

20 (C) during a period not to exceed 2 years
21 following the transition period set forth in sub-
22 paragraph (B), delivery of an annual notice in
23 paper form solely reminding such investors of
24 the ability to opt out of electronic delivery at

1 any time and receive paper versions of regu-
2 latory documents.

3 (2) Set forth requirements for the content of
4 the initial communication described in paragraph
5 (1)(A).

6 (3) Set forth requirements for the timing of de-
7 livery of a notice of website availability of regulatory
8 documents and the content of the appropriate notice
9 described in subsection (h)(3)(B).

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

13 (5) Require measures reasonably designed to
14 identify and remediate failed electronic deliveries of
15 regulatory documents.

16 (6) Set forth minimum requirements regarding
17 readability and retainability for regulatory docu-
18 ments that are delivered electronically.

19 (7) For covered entities other than brokers,
20 dealers, investment advisers registered with the
21 Commission, and investment companies, require
22 measures reasonably designed to ensure the con-
23 fidentiality of personal information in regulatory
24 documents that are delivered to investors electroni-
25 cally.

1 (c) EXEMPTION FROM CERTAIN REQUIREMENTS.—
2 Section 101(c) of the Electronic Signatures in Global and
3 National Commerce Act (15 U.S.C. 7001(c)) shall not
4 apply with respect to a regulatory document delivered in
5 accordance with this section.

6 (d) RULE OF CONSTRUCTION.—Nothing in this sec-
7 tion shall be construed as altering the substance or timing
8 of any regulatory document obligation under the securities
9 laws or regulations of a self-regulatory organization.

10 (e) TREATMENT OF REVISIONS NOT COMPLETED IN
11 A TIMELY MANNER.—If the Commission fails to finalize
12 the rules, regulations, amendments, or interpretations re-
13 quired under subsection (a) before the date specified in
14 such subsection—

15 (1) a covered entity may deliver regulatory doc-
16 uments using electronic delivery in accordance with
17 subsections (b) through (d); and

18 (2) such electronic delivery shall be deemed to
19 satisfy the obligation of the covered entity to deliver
20 regulatory documents required under the securities
21 laws.

22 (f) OTHER ACTION.—

23 (1) REVIEW OF RULES.—The Commission
24 shall—

1 (A) within 180 days of the date of enact-
2 ment of this Act, conduct a review of the rules
3 and regulations of the Commission to determine
4 whether any such rules or regulations require
5 delivery of written documents to investors; and

6 (B) within 1 year of the date of enactment
7 of this Act, promulgate amendments to such
8 rules or regulations to provide that any require-
9 ment to deliver a regulatory document “in writ-
10 ing” may be satisfied by electronic delivery.

11 (2) ACTIONS BY SELF-REGULATORY ORGANIZA-
12 TIONS.—Each self-regulatory organization shall
13 adopt rules and regulations, or amend the rules and
14 regulations of the self-regulatory organization, con-
15 sistent with this Act and consistent with rules, regu-
16 lations, amendments, or interpretations finalized by
17 the Commission pursuant to subsection (a).

18 (3) RULE OF APPLICATION.—This subsection
19 shall not apply to a rule or regulation issued pursu-
20 ant to a Federal statute if that Federal statute spe-
21 cifically requires delivery of written documents to in-
22 vestors.

23 (g) DEFINITIONS.—In this section:

24 (1) COMMISSION.—The term “Commission”
25 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)) that is registered
6 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))) that has
10 elected to be regulated as such under such Act;

11 (C) a registered broker or dealer (as de-
12 fined in section 3(a)(4) and section 3(a)(5) of
13 the Securities Exchange Act of 1934) (15
14 U.S.C. 78c(a)(4) & 78c(a)(5));

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

18 (E) a registered government securities
19 broker or government securities dealer (as de-
20 fined in section 3(a)(43) and section 3(a)(44) of
21 the Securities Exchange Act of 1934) (15
22 U.S.C. 78c(a)(43) & 78c(a)(44));

23 (F) a registered investment adviser (as de-
24 fined in section 202(a)(11) of the Investment
25 Advisers Act of 1940) (15 U.S.C. 80b–1);

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

4 (H) a registered funding portal (as defined
5 in section 3(a)(80) of the Securities Exchange
6 Act of 1934) (15 U.S.C. 78c(a)).

7 (3) ELECTRONIC DELIVERY.—The term “elec-
8 tronic delivery”, with respect to regulatory docu-
9 ments, includes—

10 (A) the direct delivery of such regulatory
11 document to an electronic address of an inves-
12 tor;

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

17 (C) an electronic method reasonably de-
18 signed to ensure receipt of such regulatory docu-
19 ment by the investor.

20 (4) REGULATORY DOCUMENTS.—The term
21 “regulatory documents” includes—

22 (A) prospectuses meeting the requirements
23 of section 10(a) of the Securities Act of 1933
24 (15 U.S.C. 77j);

1 (B) summary prospectuses meeting the re-
2 quirements of—

3 (i) section 230.498 of title 17, Code of
4 Federal Regulations; or

5 (ii) section 230.498A of title 17, Code
6 of Federal Regulations;

7 (C) statements of additional information,
8 as described under section 270.30e-3(h)(3) of
9 title 17, Code of Federal Regulations;

10 (D) annual and semi-annual reports to in-
11 vestors meeting the requirements of section
12 30(e) of the Investment Company Act of 1940
13 (15 U.S.C. 80a-29(e));

14 (E) notices meeting the requirements
15 under section 270.19a-1 of title 17, Code of
16 Federal Regulations;

17 (F) confirmations and account statements
18 meeting the requirements under section
19 240.10b-10 of title 17, Code of Federal Regula-
20 tions;

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

24 (H) privacy notices meeting the require-
25 ments of Regulation S-P under subpart A of

1 part 248 of title 17, Code of Federal Regula-
2 tions;

3 (I) affiliate marketing notices meeting the
4 requirements of Regulation S-AM under sub-
5 part B of part 248 of title 17, Code of Federal
6 Regulations; and

7 (J) all other regulatory documents re-
8 quired to be delivered by covered entities to in-
9 vestors under the securities laws and the rules
10 and regulations of the Commission and the self-
11 regulatory organizations.

12 (5) SECURITIES LAWS.—The term “securities
13 laws” has the meaning given the term in section
14 3(a) of the Securities Exchange Act of 1934 (15
15 U.S.C. 78c(a)).

16 (6) SELF-REGULATORY ORGANIZATION.—The
17 term “self-regulatory organization” means—

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

21 (B) the Municipal Securities Rulemaking
22 Board.

23 (7) WEBSITE.—The term “website” means an
24 internet website or other digital, internet, or elec-
25 tronic-based information repository, such as a mobile

- 1 application, to which an investor of a covered entity
- 2 has been provided reasonable access.