

# The Improving Disclosure for Investors Act

## Modernize Investor Communications with E-Delivery

### Summary

The **Improving Disclosure for Investors Act** would allow registered investment companies to make electronic delivery (known as e-delivery) the default method for investors to receive fund communications, such as account statements and shareholder reports.

### Background

Access to broadband or high-speed smartphone networks is nearly universal within the US—and the vast majority of mutual fund-owning households not only have internet access but have also grown accustomed to paying bills, banking, and managing their finances online. To that end, e-delivery meets shareholders' existing communications practices and promotes positive investor engagement, making it easier for shareholders to find the information most relevant to them.

### Why It Matters

This bipartisan legislation, reintroduced in both the U.S. House of Representatives and U.S. Senate during the 119<sup>th</sup> Congress, would allow millions of investors to receive information electronically. This delivery method is the overwhelming preference of most Americans. This legislation also preserves investors' ability to receive paper notices if they so choose.

### Critical Investor Protections

E-delivery is a safe, secure investor communication method. In fact, the SEC already permits the electronic delivery of certain documents under federal securities laws so long as the investor has opted in. The following safeguards have also been in place for several years:

- » **Fund communications are never emailed directly to a shareholder.** Rather, the fund's transfer agent sends the shareholder an email that includes a link to the fund's website, where communications documents are located behind a secure firewall. To access those documents, the shareholder must log in to an online account using a unique username and password.
- » **Shareholders provide their email address to the fund**—thereby minimizing the risk that an email is sent to the wrong recipient.
- » **Funds do not print investors' personal information on documents.** Funds do not print a shareholder's Social Security number or date of birth on an account statement. On tax forms, at least a portion of the Social Security number is masked.

### The Bottom Line

Enactment of this legislation would reduce the use of paper, cut costs, enhance the effectiveness of investor communications for individuals with disabilities or for whom English is not their primary language, and preserve investor choice.

By passing this bipartisan legislation, Congress would broaden digital communication to satisfy investors' preferences.