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Electronic Delivery of Financial Information Is Way Overdue

By Melissa Barosy

From paying bills to ordering pizza, most people reach for an electronic device when they need information or want to make a transaction.

Very few people use a telephone book. We check email much more frequently than the mailbox. And chances are, you aren't reading a paper copy of this blog right now. Yet, despite the realities of the modern world, the law dictates that your mutual funds send you paper copies of mandatory disclosures—unless you manually opt for electronic communication.

Both delivering and receiving regulatory documents through traditional mail are increasingly outdated and inefficient. Not only do they entail considerable administrative burdens for financial institutions, they also pose significant challenges for investors in terms of ease of access and organization. Electronic delivery, or e-delivery, of financial documents could provide a myriad of benefits, from enhanced convenience and cost savings to sustainability and inclusivity.

Moreover, the vast majority of mutual fund–owning households have internet access and have grown accustomed to paying bills, banking, and managing their finances online. Digital connectivity is nearly ubiquitous, and leveraging e-delivery as the default communications option is not only practical but imperative.

Congress is aware of the issue, and the House of Representatives already passed legislation to make this change. The Senate needs to quickly follow suit because the benefits of e-delivery are undeniable:

1. **Offers unparalleled convenience for investors**, enabling them to access crucial documents promptly and securely, anytime, and anywhere. This is particularly relevant in today's fast-paced environment, where instantaneous access to information is essential for informed decision-making.
2. **Aligns with sustainability efforts**. By reducing paper consumption and expenses associated with traditional mail delivery, this shift would support cost savings and conservation efforts.
3. **Enhances the accessibility of regulatory documents for investors with disabilities**. Through features such as screen readers and adjustable font sizes, electronic documents can be tailored to accommodate various accessibility needs, fostering inclusivity and ensuring equal access to vital information for all investors.

Importantly, the proposed legislation maintains safeguards to ensure that investors who prefer paper delivery retain that option. This strikes a balance between embracing digital innovation and preserving investor choice, thereby accommodating a diverse range of preferences and needs within the investor community.

Beyond these immediate benefits, the transition to e-delivery holds the potential to catalyze broader transformations in investor communication and engagement. By harnessing digital platforms, financial institutions can explore innovative ways to deliver personalized, interactive content, enriching the investor experience and fostering deeper connections between investors and their investments.

The Securities and Exchange Commission (SEC) already permits e-delivery of certain documents under federal securities laws, subject to specific requirements. By making e-delivery the default communications method, Congress and the SEC would broaden

digital communication to satisfy investors' preferences. This would eliminate the inefficient opt-in part of the current e-delivery process and reduce the environmental and financial costs of tons of discarded paper every year.

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