July 18, 2022

Honorable Gary Gensler
Chair
U.S. Securities and Exchange Commission
100 F Street N.E.
Washington, DC 20549

Re: E-Delivery Investor Survey Results

Dear Chair Gensler,

The Securities Industry and Financial Markets Association ("SIFMA")[1] and its members believe the time has come for the Securities and Exchange Commission ("SEC" or "Commission") to amend its rules to make e-delivery the default mechanism for transmission of investor communications and disclosures. Investors increasingly access some or all such material electronically, notwithstanding the required default to paper delivery. By establishing e-delivery as the default mechanism for investors with active email addresses, clients would avoid cumbersome processes to convert to e-delivery. We believe this method is more secure, user-friendly, and environmentally sound. Furthermore, with the pending acceleration of the securities settlement cycle to T+1, e-delivery will be necessary for the delivery of confirmations for broker-dealers to be compliant with the new rules.

In your 2021 United States Senate confirmation hearing, in response to a question from Senator Tillis regarding electronic delivery[2], you appropriately noted your prior leadership in promoting technology as a means of delivery with respect to federal payments to individuals and the adoption and implementation of the e-Signature act, and further committed to make e-delivery a priority. We very much welcome this commitment as it is consistent with your prior

[1] SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's one million employees, we advocate on legislation, regulation and business policy affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit http://www.sifma.org.
[2] https://www.congress.gov/event/117th-congress/senate-event/LC67970/text

work and also with the Commission's past leadership in modernizing disclosure rules to enable the use of new communications technologies.

One of the primary arguments made in defense of the SEC's paper-first rules is that most, and especially senior, retail investors prefer to receive regulatory documents from their brokerage or investment company in paper form through the postal system. However, new survey[3] results commissioned by SIFMA (the "Survey") show the opposite to be true: a large majority of retail investors of all ages, including those 55 years and older, prefer to access their investor documents electronically via e-delivery rather than through the mail.

The Survey was conducted in response to feedback from SEC Commissioners and staff that any future rule change to adopt default e-delivery for required investor communications and disclosures must be based on data showing that such a change would be in line with retail investor preferences. The Survey sample consisted of 1300 retail investors and was conducted online from May 16th to 19th. This is exactly what the Survey results demonstrate, as you will see in the highlights described below and the full results that are attached to this letter.

In summary, the Survey results clearly show that most investors want e-delivery to be the default mechanism and that many still struggle with receiving e-delivery because of the constraints they face to electing e-delivery, which are largely the result of SEC requirements. Approximately 85% of individual investors are comfortable with making e-delivery the default mechanism so long as there remains an option to opt-in to paper delivery. The Survey further found that most investors are very comfortable with e-delivery regardless of age, education level, income level, and the amount of assets held. Over two-thirds of investors aged 55-74 were comfortable with e-delivery.

Individual investors still get caught up in cumbersome rules and interfaces for signing up for e-delivery. Just over a quarter say they have signed up for e-delivery but still receive paper documents, and 42% say they still receive paper documents of some kind but would want *all* communications to be delivered electronically.

The Survey demonstrates that investors are ready for a default e-delivery standard because paper is no longer desirable to most, and the ability to sign up for e-delivery is unnecessarily cumbersome and restrictive. Moreover, the Commission's recent proposal to shorten the settlement cycle would make the current paper-default delivery rules even more impractical. In a T+1 environment, firms will not likely be able to meet their required document delivery responsibilities without sending documents by e-mail or other electronic means. As such, the move to T+1 also necessitates a move to e-delivery so that customers receive the necessary disclosures within the new required timeframes. SIFMA will provide additional details to the Commission about the necessity of e-delivery for T+1 compliance shortly under separate cover.

[3] SIFMA commissioned FGS Global to prepare and execute the survey that conducted on-line by YouGov.

In a discussion paper published in September 2020, *E-Delivery: Modernizing the Regulatory Communications Framework to Meet Investor Needs for the 21st Century*[4] ("E-Delivery Paper"), SIFMA and other trade associations outlined a viable and responsible path for the SEC to transition the default mechanism for the delivery of investors communication from postal mail to e-delivery, while providing investors who do not want e-delivery ample opportunity to opt-in to receiving paper documents by mail either before or after the transition.

In the E-Delivery Paper, the associations proposed that the SEC amend relevant investor communications rules to permit firms to shift the default delivery method from postal delivery to delivery through email, via a firm's application or website, or by other means of electronic transmission as may be available today or developed in the future, with appropriate notifications and safeguards. Following a one-year transition period, firms could begin delivering required investor communications electronically to existing clients for whom the firms have email addresses or other means to provide notice electronically that documents are available, with appropriate notice but without the need to obtain affirmative consent. New clients would be informed that they will be enrolled in e-delivery if they provide an email or other e-delivery address at account opening, even if they complete a paper application, unless they elect otherwise. Firms would not have to take separate follow-up steps to confirm e-delivery. In all circumstances, investors who do not provide a means for receiving required disclosures via e-delivery would continue to receive paper delivery, and any investor could elect to receive paper delivery at any time.

We would appreciate the opportunity to discuss the Survey results and the transition to e-delivery with you and your staff at your earliest convenience. Please reach out to Melissa MacGregor at mmacgregor@sifma.org or me at your convenience to schedule a meeting.

Sincerely,

Kenneth E. Bentsen, Jr.
President & CEO

attachments

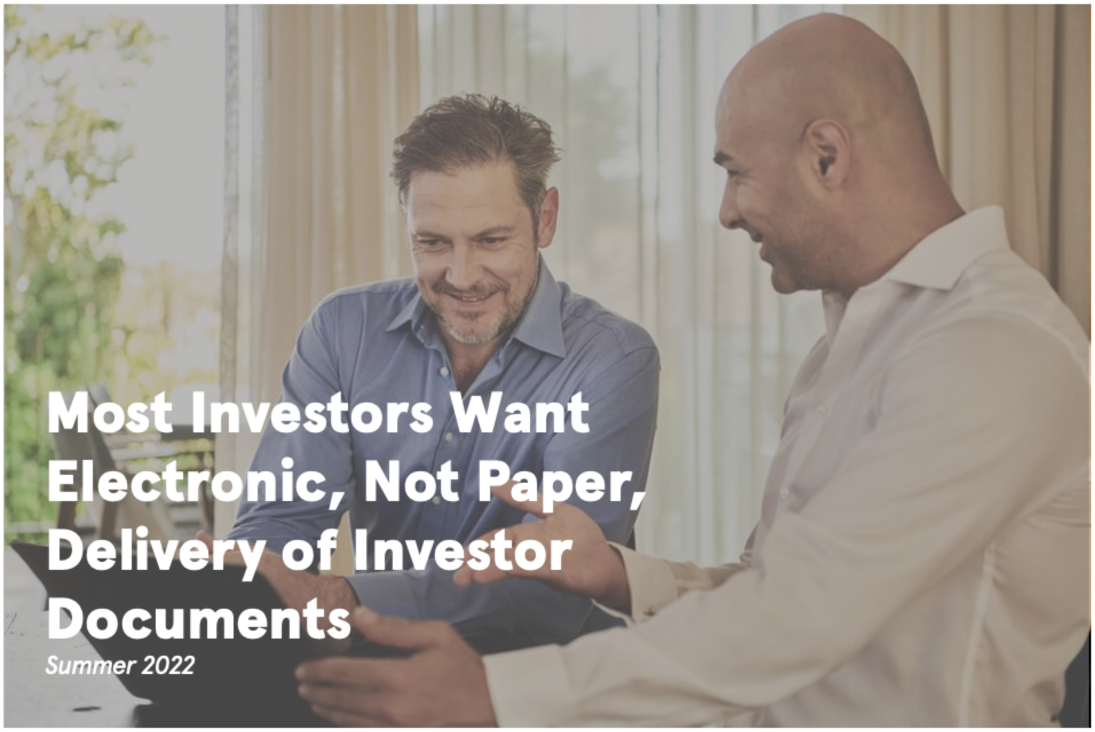
cc: The Honorable Hester M. Peirce, Commissioner
The Honorable Caroline A. Crenshaw, Commissioner
The Honorable Mark T. Uyeda, Commissioner
The Honorable Jaime Lizárraga, Commissioner
William A. Birdthistle, Director, Division of Investment Management
Renee Jones, Director, Division of Corporation Finance

---

[4] *E-Delivery: Modernizing the Regulatory Communications Framework to Meet Investor Needs for the 21st Century*, September 2020 (available at https://www.sifma.org/wp-content/uploads/2020/09/E-Delivery-Paper.pdf)

Haoxiang Zhu, Director, Division of Trading and Markets
Barbara Roper, Senior Adviser to the Chair
Melissa MacGregor, Managing Director & Associate General Counsel, SIFMA

fgs global



Most Investors Want Electronic, Not Paper, Delivery of Investor Documents

Summer 2022

A survey of U.S. individual investors was commissioned by SIFMA to gauge their interest in e-delivery as a delivery method for receiving investor communications.

AT-A-GLANCE

85% would be comfortable with e-delivery as the default for investor communications if they have the choice to opt-in to paper delivery. The preference for default e-delivery is high across age groups, including seniors.

Cumbersome rules make it difficult to sign up for e-delivery. 42% say they receive paper documents in the mail now but would prefer to receive them all electronically.

81% would prefer at least one type of investor communication to be sent through e-delivery.

Reduced environmental impacts are among the key benefits of e-delivery over paper delivery.

fgs global

Key Findings

A large majority (81%) would prefer that at least one type of investor communication be sent via e-delivery than having them physically mailed:

- For all types of communications, only half of investors prefer paper delivery: Annual privacy policy (23%); Trade confirmations (28%); Notice, amendments, and other important account updates (29%); Research and planning education materials (24%); Reports, prospectuses, and other proxy materials (28%); Monthly or quarterly account statements (35%); Legal notices (37%); Tax forms (44%).
- Only 8% say they would prefer to receive <u>all</u> individual investor communications through physical mail.

The majority (79%) of investors have already opted in to receive investor communications electronically, either through email, a financial institution's website, or a mobile app.

- Regardless of age, a majority receive investor communications electronically (82% of 18-34, 83% of 35-54, and 75% of 55+).
- Broken down by e-delivery method, 47% of investors already access to their documents through email, 46% through their account provider's website, and 21% through a financial institution's mobile app.

KEY MOTIVATORS

79% of individual investors say e-delivery is an easy way to cut their carbon footprint.

7 in 10 (70%) agree COVID-19 related mail disruptions showed the importance of e-delivery.

Roughly half see speed (50%) and convenience (49%) as top benefits of e-delivery.

Comfort with e-delivery as the default is high regardless of age, education level, income level, and amount of assets held.

- Three in four individual investors (75%) would be comfortable with e-delivery as the default method for individual investor communications going forward.
- 7 in 10 (71%) agree that the benefits of e-delivery becoming the default outweigh any concerns they would have.

Comfort with e-delivery as the default method is high even among older individual investors.

- Over two-thirds of those aged 55-64 and those aged 65-74 are comfortable with e-delivery as the default (68% for both age segments).
- 50% of those aged 75+ are also comfortable, with 42% uncomfortable.

While 22% are initially uncomfortable with e-delivery becoming the default, this drops to only 15% when individual investors learn they could still opt-in to paper delivery.

Individual investors get caught up in cumbersome rules and interfaces for signing up for e-delivery. Over a quarter (27%) who do not receive e-delivery currently say they've signed up but still receive paper documents.

- 42% of all investors say they receive paper documents in the mail now but would prefer to receive them *all* electronically.

Individual investors who have already signed up for e-delivery are satisfied.

- 88% who have opted in say they are satisfied with their e-delivery statements.

About this survey

YouGov conducted an online survey of 1,300 individual investors nationwide between May 16th and May 19th, 2022. The individual investors surveyed hold at least $5,000 across retirement accounts, college-savings investments, stocks, bonds, mutual funds, or a brokerage account, excluding property and cryptocurrency investments.

fgs global

Topline: Full Survey Results

How do you typically receive communications about your investments (i.e., account statements, trade confirmations, prospectuses, and other mandatory disclosures)? Please select all that apply.

	Total
***Any* electronic investor communications (combined)**	***79%***
Documents delivered to you electronically by email (also known as e-delivery)	47%
Documents that you access online on an account provider's website (not via email)	46%
Through a financial institution's mobile app	21%
Paper documents physically mailed to you	40%
In-person meetings with a broker or advisor	19%
Some other way	7%
Not sure	1%

If given the choice between having paper documents physically mailed to you and documents sent via e-delivery over email, how would you prefer to receive each of the following types of communications about your investments?

	Through e-delivery	Through the mail	No preference
Annual privacy policy	59%	23%	18%
Trade confirmations	58%	28%	13%
Notice, amendments, and other important account updates	57%	29%	14%
Research and planning education materials	55%	24%	21%
Reports, prospectuses, and other proxy materials	54%	28%	18%
Monthly or quarterly account statements	53%	35%	12%
Legal notices	48%	37%	15%
Tax forms	44%	44%	11%
Prefer at least one type of communication via e-delivery	***81%***		
Prefer all types of investor communications via mail	***8%***		

Some say that e-delivery should be the default delivery method for communications about your investments, while providing the choice to opt-in to paper delivery through mail for those who prefer to receive documents that way.

Going forward, how comfortable would you be having e-delivery as the default method for all investor communications (i.e., trade confirmations, account statements, prospectuses, etc.)?

	Total
Very comfortable	47%
Somewhat comfortable	28%
Somewhat uncomfortable	12%
Very uncomfortable	10%
Not sure	4%
Total comfortable	**75%**
Total uncomfortable	**22%**

If e-delivery became the default method for investor communications, anyone could still opt-in to receive paper copies of investor communications if they chose to do so. Knowing this, how comfortable would you be having e-delivery as the default method for all investor communications?

(Asked only among those who said they were "somewhat uncomfortable" or "very uncomfortable" in previous question)

	Total
	N=287
Very comfortable	8%
Somewhat comfortable	22%
Somewhat uncomfortable	34%
Very uncomfortable	35%
Not sure	2%
Total comfortable	**29%**
Total uncomfortable	**69%**
% "uncomfortable" among <u>all</u> investors surveyed	***15%***

Which, if any, of the following would you say are benefits of e-delivery over receiving paper documents through the mail? Please select all that apply.

	Total
Saves paper given the length of some investor documents	51%
Let’s me check my accounts wherever and whenever I want	50%
Speed	50%
Convenience	49%
More environmentally friendly	48%
Easier to keep track of my statements if I need to change my address	34%
Helps me stay more organized	30%
More user-friendly	23%
Reliability	22%
Safer to use during the COVID-19 pandemic	21%
Keeps my personal information more secure	20%
There are no benefits	6%
Other	1%

To what extent do you agree or disagree with each of the following statements about investor communications?

	Total agree (somewhat +strongly)	Total disagree (somewhat + strongly)
I'm satisfied with the e-delivery statements I receive now	88%	12%
Making the switch to e-delivery is an easy way to cut our carbon footprint	79%	21%
Other industries, including the Social Security Administration, have already moved away from paper delivery being the standard, and the financial sector should follow suit	72%	28%
The benefits of e-delivery becoming the default for investor communications outweigh any concerns I have about it	71%	29%
COVID-19 related mail disruptions have shown how important e-delivery is for financial communications	70%	30%
I still receive financial statements through the mail, but I would prefer to receive them all electronically	42%	58%

Why do you currently not receive financial communications electronically by email?
(Asked only among those who do not receive e-delivery currently)

	Total
I prefer hard copies of important documents	45%
I have signed up for e-delivery but still receive paper documents	27%
It's hard for me to keep track of electronic documents	23%
I don't feel comfortable with technology	13%
Signing up for e-delivery is too time consuming	11%
My devices are not equipped to receive electronic documents	10%
I don't have regular internet access	7%
Other	12%

About this survey

YouGov conducted an online survey of 1,300 individual investors nationwide between May 16th and May 19th, 2022.

The individual investors surveyed hold at least $5,000 across retirement accounts, college-savings investments, stocks, bonds, mutual funds, or a brokerage account, excluding property and cryptocurrency investments.

This survey was commissioned by SIFMA.