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FUNDamental QuickStudy: SEC Proposes New E-Delivery Approach to Modernize Delivery of Regulatory Information

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KEY POINTS

- The SEC proposed Regulation E-Delivery on July 16, 2026, which would make electronic delivery the default method for delivering required regulatory disclosures under the federal securities laws.
- Covered entities — including issuers, broker-dealers, and investment advisers — could use e-delivery as the default without obtaining affirmative consent if the covered recipient has provided an email address and has not opted out.
- The proposal establishes two permissible e-delivery methods: direct email delivery for information without personal financial information (PFI), and a statement of availability method (email with a link) for content that includes PFI.
- Current paper recipients would receive two paper notices before being transitioned to default e-delivery and retain the right to request paper copies free of charge at any time.
- The proposal would rescind Rule 30e-3 under the Investment Company Act of 1940 and amend proxy and tender offer rules to align with the new Regulation E-Delivery framework.

On July 16, 2026, the U.S. Securities and Exchange Commission (SEC) proposed Regulation E-Delivery, a new rule that would expand the ability of issuers, broker-dealers, investment advisers, and others to use electronic delivery to satisfy information delivery requirements under the federal securities laws. The proposal would establish requirements and conditions under which required regulatory information could be delivered electronically without first obtaining the recipient's affirmative consent, superseding the SEC's decades-old, guidance-based e-delivery framework while preserving investors' ability to receive paper delivery upon request.

WHAT THE SEC PROPOSED

The proposal, referred to as Regulation E-Delivery, if adopted, would:

1. Expand the ability of issuers, broker-dealers, investment advisers, and other market intermediaries to use electronic delivery to satisfy their obligations to deliver required regulatory information under the federal securities laws;
2. Provide requirements and conditions for delivering regulatory information electronically to investors and others without first obtaining their affirmative consent; and

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3. Generally supersede the SEC's previous, guidance-based e-delivery approach.

KEY ELEMENTS OF THE PROPOSAL

1. WHO AND WHAT IS COVERED

Regulation E-Delivery would govern the e-delivery of "covered information" by "covered entities" to "covered recipients," each defined broadly:

- Covered information would include any information required to be delivered to a covered recipient under the federal securities laws, such as fund prospectuses, fund annual and semiannual shareholder reports, proxy statements, trade confirmations, Form CRS relationship summaries, and Form ADV Part 2 brochures.
- Covered entities would include any person with an obligation to deliver covered information, such as issuers, investment advisers, and broker-dealers.
- Covered recipients would include any current or prospective customer, client, investor, security holder, counterparty, or similar recipient of information.

2. CONDITIONS FOR DEFAULT E-DELIVERY

A covered entity could rely on Regulation E-Delivery to use e-delivery as the default method of delivery, without first obtaining affirmative consent, only where each of the following conditions is met:

- The covered recipient has provided an email address.
- The covered entity has provided a prominent disclosure to the covered recipient that it will send covered information to the email address provided.
- The covered recipient has not opted out of e-delivery. The rule also would impose general requirements addressing the method and timing of delivery, the ability to opt out, the ability to obtain a paper copy free of charge upon request, and the websites on which covered information is made available.

3. TWO PERMITTED METHODS OF E-DELIVERY

The proposal would provide two permissible methods of e-delivery, depending on whether the covered information includes personal financial information (PFI):

- PFI refers to information specific to a covered recipient's personal financial matters, such as an account number or details regarding a specific securities transaction.
- For covered information that does not include PFI, a covered entity could electronically deliver the information directly to the covered recipient's email address (direct delivery method).
- For covered information that includes PFI, a covered entity would be required to use the statement of availability method, delivering an email containing a link to the website address where the recipient can access the transmitted information, rather than delivering the information itself.
- A covered entity also would be permitted to use the statement of availability method for covered information that does not include PFI.

4. TRANSITION PROCESS FOR CURRENT PAPER RECIPIENTS

The proposal includes a special transition process for covered recipients who are receiving covered information in paper format when the rule becomes effective and whom the covered entity wishes to move to default e-delivery.

Under this process:

- Affected recipients would receive two paper notices before being transitioned to default e-delivery.
- The notices would provide information about the upcoming transition to electronic delivery.
- The notices would describe the recipient's ability to opt out of e-delivery.
- Recipients who do not opt out would then receive covered information electronically, subject to their continuing right to request paper copies free of charge.
- This transition process is analogous in concept to the opt-out procedure under Regulation S-AM governing affiliate marketing, under which a financial institution must provide consumers with a clear, conspicuous, and reasonable opportunity to opt out of the use of their information for affiliate marketing purposes, which may be accomplished through an account portal or a reply email link.

5. RELATED RULE CHANGES

To facilitate the new e-delivery approach, the SEC also proposed conforming changes to existing rules, including:

- Rescinding Rule 30e-3 under the Investment Company Act of 1940, which currently provides an alternative means for registered investment companies to satisfy shareholder report transmission requirements;
- Amending the rules governing the dissemination of proxy materials and tender offer materials to incorporate the permitted e-delivery methods and website availability requirements of Regulation E-Delivery; and
- Providing that, to the extent covered information would otherwise require consumer consent under the federal Electronic Signatures in Global and National Commerce Act (E-SIGN Act), the proposal would exempt such covered information from those consent requirements, provided the applicable conditions of Regulation E-Delivery are satisfied.

KEY COMPLIANCE TAKEAWAYS

In light of the proposal, investment advisers, investment funds, and broker-dealers should consider the following action items:

- **Assess current e-delivery practices.** Review existing consent-based e-delivery arrangements and evaluate how they would need to change to rely on default e-delivery under the proposed conditions.

- **Inventory covered information and recipients.** Identify which required disclosures and which recipients would be eligible for default e-delivery.

- **Evaluate PFI handling.** Determine which communications include personal financial information that would require the statement of availability method, and assess the website and access infrastructure needed to support it.

BOTTOM LINE

Regulation E-Delivery would represent a significant modernization of how regulatory information reaches investors, shifting the default from paper to electronic delivery while preserving investors' ability to receive paper copies on request.

We will continue to monitor this publication and related developments and will provide future client updates as applicable. This publication is for guidance only and is not intended to be a substitute for specific legal advice. For questions about how this proposal may affect your organization, please contact a member of your Troutman Pepper Locke team.

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