

April 25, 2023

The Honorable Patrick T. McHenry  
Chairman  
House Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, DC 20515

The Honorable Maxine Waters  
Ranking Member  
House Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman McHenry and Ranking Member Waters:

On behalf of our over 40 million individual investor customers, we write to express Fidelity's strong support for H.R. 1807, the Improving Disclosure for Investors Act of 2023. The bill, which would direct the Securities and Exchange Commission ("SEC") to change the default delivery of investor documents to digital ("eDelivery") from paper, will enhance investor protections and allow our investor customers to receive important investment documents in a more secure, accessible, engaging, and less wasteful manner.

Fidelity customers of all ages strongly prefer accessing their investment account statements and other regulatory disclosures online. In fact, 80% of our retail brokerage customers opening a new account choose eDelivery. And according to SIFMA, 85% of all retail investors would be comfortable with eDelivery as the default for investor communications as long as there remains an option to opt-in to paper delivery as needed, while only 8% of retail investors want to receive all investment documents in paper form.<sup>1</sup>

Consumer safeguards are critical to any transition to eDelivery and guide Fidelity's commitment to honoring investor choice through the legislative and regulatory process. H.R. 1807 ensures paper will always be an option, including a provision that would require firms to remind customers of that option with two annual paper mailings, and a provision directing the SEC in its related rulemakings to ensure paper is an option at any time for any customer who prefers it.

eDelivery, while more convenient, less costly, and more accessible than paper, also strengthens consumer protections by providing secure delivery of important documents. The U.S. Postal Inspection Service (USPIS) received nearly 300,000 complaints of mail theft from March 2020 through February 2021, a 161% year-over-year increase.<sup>2</sup> The Acting Director of FinCEN called these developments, "a disturbing trend of criminals increasingly stealing checks from U.S. mail carriers -- sometimes by force -- and using the personal information contained therein to commit identity theft or other crimes."<sup>3</sup> The Federal Trade Commission (FTC) reported that seniors are more likely to be victims of identity theft than any other age group. In 2021, seniors accounted for 26% of all identity theft victims. Of those victims, 52% reported that their identity was stolen from a mail theft incident.<sup>4</sup>

In addition to safeguarding investor information, eDelivery also gives Americans access to their financial documents in a much more efficient and timely manner. The SEC's implementation of rules to move the securities industry from 2-day to 1-day settlement (T+1) for investor trades will further increase the drive towards digital trade confirmations as opposed to statements that arrive days or even weeks later. In today's interconnected, digital world, investors need to be able to access information quickly so they can make informed investment decisions for themselves and their families.

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<sup>1</sup> SIFMA, e-Delivery Investor Survey Results, July 18, 2022

<sup>2</sup> U.S. Postal Inspection Service Pandemic Response to Mail Fraud and Mail Theft, May 20, 2021.

<sup>3</sup> FinCEN Alert, FIN-2023-Alert 003, February 27, 2023.

<sup>4</sup> Protecting Older Consumers 2021-2022, A Report of the Federal Trade Commission, October 18, 2022.

In our experience, the bipartisan focus on expanding internet access in the U.S. is driving widespread internet usage across our demographically diverse investor base. According to PEW's 2021 data, the vast majority of U.S. adults have internet access, including 90% in rural communities, 94% in suburban communities, and 95% in urban centers.<sup>5</sup> Internet accessibility will be further enhanced by the bipartisan enactment of the 2022 Infrastructure Investment and Jobs Act, which provided \$65 billion to upgrade broadband coverage that will expand and reduce the cost of internet access for rural and low-income families.<sup>6</sup> Meanwhile, seniors have greatly increased their technology usage, particularly during the pandemic. According to an AARP study published earlier this year, financial transaction usage on smartphones has increased by 51% since 2019 for 50+ U.S. adults, and 91% of U.S. adults aged 18-49 and 86% aged 50+ now own a smartphone.<sup>7</sup>

We are also encouraged that eDelivery as default has already been adopted by several federal agencies and programs serving millions of American investors and retirees. The Social Security Administration eliminated paper as a default for 45 million individuals in 2018<sup>8</sup>; the Federal Thrift Savings Plan moved 5.5 million participants to digital in 2003<sup>9</sup>; and the Department of Labor ("DOL") moved to eDelivery as default for all workplace plan participants in 2020.<sup>10</sup> In 2022, the DOL found its new eDelivery rules are "unlikely to have any negative impact" on "individuals residing in rural and remote areas, seniors, and other populations that either lack access to web-based communications or who may only have access through public means" due to "the regulation's specific safeguards against such impacts."<sup>11</sup> Importantly, under each agency's default eDelivery rules, investors who prefer paper still have the option to receive it.

At Fidelity, we are committed to advancing public policies that support a secure, digital-first framework to provide financial communications, while always honoring an investor's choice to receive paper. The switch to eDelivery as a default for the SEC is a long overdue solution that meets the current and growing preferences of American investors. We thank you for scheduling committee consideration of the Improving Disclosure for Investors Act of 2023 and look forward to working with you to advance this important legislation on behalf of tens of millions of Americans.

Sincerely,

A handwritten signature in black ink, appearing to read "James F. Febeo Jr.", written in a cursive style.

James F. Febeo Jr.  
Senior Vice President  
Government Relations and Public Policy  
Fidelity Investments

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<sup>5</sup> Pew Research Center, Internet/Broadband Fact Sheet, 2021.

<sup>6</sup> H.R.3684 - Infrastructure Investment and Jobs Act 117th Congress (2021-2022), P.L.

<sup>7</sup> AARP, 2023 Tech Trends, January 2023.

<sup>8</sup> See Create your personal my Social Security account today, at <https://www.ssa.gov/myaccount>.

<sup>9</sup> See Frequently Asked Questions, at <https://www.tsp.gov/faq>.

<sup>10</sup> U.S. Department of Labor Announces Rule to Better Deliver Retirement Plan Information Options, While Saving Billions of Dollars for Plans, May 21, 2020.

<sup>11</sup> Employee Benefits Security Administration, Report on Default Electronic Disclosure by Employee Pension Benefit Plans Under Employee Retirement Income Security Act, January 2022.