H. R. 1815

To require the Securities and Exchange Commission, when developing rules and regulations about disclosures to retail investors, to conduct investor testing, including a survey and interviews of retail investors, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 18, 2019

Mr. CASTEN of Illinois introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To require the Securities and Exchange Commission, when developing rules and regulations about disclosures to retail investors, to conduct investor testing, including a survey and interviews of retail investors, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “SEC Disclosure Effectiveness Testing Act”.

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SEC. 2. DISCLOSURE TESTING.

(a) IN GENERAL.—Section 23(a) of the Securities Exchange Act of 1934 is amended by adding at the end the following:

“(4) INVESTOR TESTING.—

“(A) IN GENERAL.—The Commission, prior to making any rule or regulation pursuant to any provision of the securities laws which would designate documents or information to be provided to a retail investor, shall engage in investor testing to assess whether designating such documents or information will achieve the purpose intended by the Commission.

“(B) CONTENTS.—Investor testing conducted pursuant to subparagraph (A) shall include the following:

“(i) Qualitative testing in the form of one-on-one cognitive interviews of retail investors about documents or information, or samples of such documents or information, to be provided.

“(ii) A nationwide survey of retail investors, designed to complement the interviews under clause (i), on—

“(I) the usefulness of such documents or information, or samples of such documents or information;
“(II) the proposed format of such documents or information, or samples of such documents or information; and

“(III) delivery preferences of such documents or information, or samples of such documents or information.

“(iii) Analysis and publication in the Federal Register of the results of the survey and interviews.

“(iv) An opportunity for the public to comment on such results published in the Federal Register.

“(C) SUBSTANTIVE CHANGES.—If the Commission, in the period between engaging in investor testing and publishing a final rule, makes substantive changes to such rule that the Commission determines would have a significant impact on investors, the Commission shall again engage in investor testing.”.

(b) PRIOR RULES.—

(1) IN GENERAL.—For any final rule or regulation issued by the Securities and Exchange Commission (in this subsection referred to as the “Commission”) before the date of the enactment of this Act, pursuant to any provision of the securities laws (as
such term is defined in section 3(a) of the Securities Exchange Act of 1934) which designates documents or information to be provided to a retail investor, the Commission shall perform investor testing that includes the contents described in section 23(a)(4) of the Securities Exchange Act of 1934.

(2) SCHEDULE.—The Commission shall, not later than 6 months after the date of the enactment of this Act, establish a schedule for completing any investor testing required under paragraph (1) that prioritizes testing of any final rules and regulations that designate documents or information central to retail investor decision making.

(3) REPORT.—The Commission shall issue a report to Congress each year containing the following:

(A) The status of any investor testing required under paragraph (1).

(B) The results of any investor testing completed under paragraph (1).

(C) Any priorities the Commission has, based on results of investor testing required by paragraph (1), for—

(i) revising or eliminating any final rule or regulation designating documents
or information to be provided to retail investors; and

(ii) revising any other final rule or regulation to supplement revised or eliminated rules designating documents or information to be provided to retail investors.