

116TH CONGRESS  
1ST SESSION

# 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.

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## 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

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## 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.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “SEC Disclosure Effec-  
5       tiveness Testing Act”.

1 **SEC. 2. DISCLOSURE TESTING.**

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

5 “(4) INVESTOR TESTING.—

6 “(A) IN GENERAL.—The Commission, prior to  
7 making any rule or regulation pursuant to any pro-  
8 vision of the securities laws which would designate  
9 documents or information to be provided to a retail  
10 investor, shall engage in investor testing to assess  
11 whether designating such documents or information  
12 will achieve the purpose intended by the Commis-  
13 sion.

14 “(B) CONTENTS.—Investor testing conducted  
15 pursuant to subparagraph (A) shall include the fol-  
16 lowing:

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

21 “(ii) A nationwide survey of retail inves-  
22 tors, designed to complement the interviews  
23 under clause (i), on—

24 “(I) the usefulness of such documents  
25 or information, or samples of such docu-  
26 ments or information;

1 “(II) the proposed format of such doc-  
2 uments or information, or samples of such  
3 documents or information; and

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

7 “(iii) Analysis and publication in the Fed-  
8 eral Register of the results of the survey and  
9 interviews.

10 “(iv) An opportunity for the public to com-  
11 ment on such results published in the Federal  
12 Register.

13 “(C) SUBSTANTIVE CHANGES.—If the Commis-  
14 sion, in the period between engaging in investor test-  
15 ing and publishing a final rule, makes substantive  
16 changes to such rule that the Commission deter-  
17 mines would have a significant impact on investors,  
18 the Commission shall again engage in investor test-  
19 ing.”.

20 (b) PRIOR RULES.—

21 (1) IN GENERAL.—For any final rule or regula-  
22 tion issued by the Securities and Exchange Commis-  
23 sion (in this subsection referred to as the “Commis-  
24 sion”) before the date of the enactment of this Act,  
25 pursuant to any provision of the securities laws (as

1 such term is defined in section 3(a) of the Securities  
2 Exchange Act of 1934) which designates documents  
3 or information to be provided to a retail investor,  
4 the Commission shall perform investor testing that  
5 includes the contents described in section 23(a)(4) of  
6 the Securities Exchange Act of 1934.

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

14 (3) REPORT.—The Commission shall issue a re-  
15 port to Congress each year containing the following:

16 (A) The status of any investor testing re-  
17 quired under paragraph (1).

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

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

23 (i) revising or eliminating any final  
24 rule or regulation designating documents

1 or information to be provided to retail in-  
2 vestors; and

3 (ii) revising any other final rule or  
4 regulation to supplement revised or elimi-  
5 nated rules designating documents or in-  
6 formation to be provided to retail inves-  
7 tors.

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