

September 21, 2026

Vanessa A. Countryman
Secretary
Securities and Exchange Commission
via email: rule-comments@sec.gov

**Re: Electronic Delivery of Information Under the Federal Securities Laws
File No. S7-2026-25**

Dear Ms. Countryman:

The Securities Transfer Association (STA)¹ appreciates the opportunity to comment on the Securities and Exchange Commission's proposed Regulation E-Delivery. STA strongly supports the Commission's objective of modernizing delivery practices and permitting electronic delivery to serve as the default method for covered information, while preserving a recipient's ability to request paper. We write to address important implementation and collateral issues, including transfer agent operational and compliance considerations, shareholder and proxy communications, investor preferences, modernization of Rule 17Ad-17, and the interaction between the proposed federal delivery framework and state unclaimed-property and escheatment laws.

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STA also believes that this proposal presents an important opportunity to continue the modernization of shareholder communications under the federal securities laws. Transfer agents serve as the official recordkeepers for issuers' registered shareholders and, as agents, distribute many communications to and perform services for such shareholders on behalf of their issuer clients related to annual meetings, proxy matters, corporate actions, distributions, transfer processing, and other investor servicing. Transfer agents also are directly responsible for delivering certain communications to registered shareholders pursuant to the SEC's transfer agent rules. As a result, transfer agents have significant practical experience regarding both the benefits and limitations of electronic communications. We therefore encourage the Commission to adopt a framework that supports

¹STA is the professional trade association of transfer agents, official recordkeepers interacting daily with both issuers and their investors regarding securities offerings, issuances, and transfers. STA's membership is comprised of over 100 commercial stock transfer agents, bond agents, mutual fund agents, and related service providers within the United States and Canada. Collectively STA members service more than 100 million registered shareholders on behalf of more than 15,000 publicly traded corporations and private companies trading in the OTC marketplace.

modernization while recognizing the operational realities faced by issuers, transfer agents, and investors.

At the time of finalization of this comment letter, the Commission published proposed new and amended transfer agent rules. While STA has addressed its concerns below regarding the proposed e-delivery rule related to escheatment and SEC Rule 17Ad-17, it will be providing further commentary on these topics in its comment letter to the proposed transfer agent rules.

I. Reg E-Delivery and Implications for State Unclaimed Property Laws and SEC Rule 17Ad-17

A. State Unclaimed Property Laws

State unclaimed-property regimes vary materially in their treatment of returned communications, owner contact, and dormancy. Applying concepts developed for physical mail mechanically to electronic communications may produce unreliable results. An email may bounce because of a temporary server condition, a full mailbox, a changed domain, a cybersecurity filter, or a typographical error. Conversely, a message may be delivered without being opened or tracked. None of those events necessarily demonstrates that the owner cannot be located or has abandoned the property.

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The Commission should therefore state in the adopting release, and preferably in the text of the final rule, that an electronic-delivery failure, non-opening, suppression event, or lack of digital activity does not by itself establish that a recipient is lost, that an address is invalid for unclaimed-property purposes, or that a dormancy period has commenced. This is consistent with existing practice whereby transfer agents send the item that is returned as undeliverable by physical mail and will not treat the item as lost due to the electronic delivery failure. Only if the physical mail item is returned as undeliverable is a lost status applied. In addition, a covered entity should remain free to consider the totality of the relationship, including account access, transactions, authenticated website or application use, telephone contact, written correspondence, voting, consent activity, and other affirmative owner-generated activity.

B. Compliance with Regulation E-Delivery Should Not Create Conflicting State-Law Duties

Covered entities may face conflicting commands if the federal framework deems delivery complete electronically while a state later treats the same event as returned mail or evidence of owner loss. The risk is especially acute where state law, administrative guidance, or contingent-fee audit positions are unclear or evolve

after a holder has implemented the federal rule. A covered entity should not be forced to choose between the Commission's permitted delivery method and a state-law interpretation that accelerates reporting and remittance.

The final rule should provide that use of Regulation E-Delivery, including reliance on its notice, address, bounce-back, paper-request, and recordkeeping provisions, is not intended to alter the ownership, abandonment, dormancy, due-diligence, reporting, or remittance rules applicable under state unclaimed-property law. The Commission should also clarify that the federal rule does not create a negative inference under state law from an event that the rule treats as compliant delivery.

C. SEC Rule 17Ad-17

As is the case today, Regulation E-Delivery should be clear that a bounced-back email should not by itself initiate lost shareholder treatment in accordance with SEC Rule 17Ad-17. In such a situation, the rule should permit a transfer agent to attempt other communication methods, such as paper mailing or other reasonable outreach, before considering the shareholder to be "lost," consistent with existing practice and the language of Rule 17Ad-17. We also recommend that this is further clarified with any updates to Rule 17Ad-17.

D. The Final Rule Should Recognize a Broad and Technology-Neutral Concept of Owner Contact

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To reduce erroneous escheatment, the Commission should explain that successful electronic interactions may be relevant evidence of continuing owner contact. Examples include authenticated account access, a response to an electronic communication, an update to profile or delivery preferences, an electronic vote, a transaction, or other verified activity initiated by the recipient. The framework should remain technology-neutral so that new methods of authentication and communication are not disadvantaged.

At the same time, the Commission should avoid establishing a federal minimum frequency of digital activity or implying that failure to engage electronically constitutes abandonment. Many investors appropriately maintain long-term holdings without regular transactions or logins. The absence of electronic activity is not equivalent to the absence of an owner.

E. Suggested Clarifying Language

We recommend that the Commission include language substantially as follows in Regulation E-Delivery: "For purposes of this regulation, an unsuccessful electronic-

delivery attempt, a recipient's failure to access or open electronically delivered information, or the absence of electronic activity shall not, by itself, constitute evidence that a recipient is lost, that property has been abandoned, or that a dormancy period has commenced under any unclaimed-property or escheatment law. Nothing in this regulation is intended to alter the substantive ownership, priority, dormancy, due-diligence, reporting, or remittance requirements of applicable state law."

II. Operational and Compliance Considerations for Transfer Agents

The Commission should also recognize and incorporate into the rule the fact that transfer agents do not presently require email information or other "electronic addresses" (e.g., mobile telephone numbers) for registered shareholders for purposes of delivering issuer or transfer agent communications, and that those possessing email information may not have the capability to track delivery of emails. STA agrees with the rule proposal providing that the rule is only applicable if (1) the recipient has provided the covered entity (e.g., the transfer agent or the issuer, as applicable) with an electronic address, (2) the covered entity has provided a prominent disclosure to recipients clearly explaining that it will send covered information to the electronic address provided (through the initial notice), and (3) the recipient has not opted out of receiving e-delivery. Additionally, the STA agrees that registered shareholders should have a reasonable means to opt out of electronic delivery. Covered entities should retain flexibility to determine the appropriate mechanisms for receiving and processing opt-out requests.

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STA member transfer agents report having email addresses for only a minority of the registered shareholder records they maintain. In addition, available email information among registered shareholders remains incomplete. As a result, implementation of an electronic-delivery framework will necessarily occur over time as issuers, transfer agents, and investors update communication preferences and contact information. This practical limitation should be considered when establishing implementation timelines and compliance expectations.

It should also be noted that transfer agents may have electronic addresses for recipients, but those addresses may not be linked to an e-delivery approval. For example, a registered shareholder may have an electronic address provided to a transfer agent upon conversion from a prior transfer agent or a registered shareholder provided an electronic address to receive a specific communication but not for general e-delivery purposes. To the extent the prior transfer agent's records reflect a holder has consented to e-delivery, provided an electronic address for purposes of e-delivery, or did not-opt out when provided with the initial notice under the proposed rule, STA recommends the rule provides that transfer agents can rely on the prior agent's records.

STA members are both larger transfer agents and smaller transfer agents. The rule should consider the effort that will be required of transfer agents to implement the rule. These efforts include the effort and timing required to develop systems to implement the rule, the costs of such systems, development of policies and training required to ensure compliance with the rule, issuer-contract amendments, and the disproportionate burden on smaller transfer agents. Development efforts may be particularly complicated taking into account existing communications preferences that may be maintained by agents from longstanding e-delivery guidance from the Commission as well as other regulatory authorities (e.g., the Internal Revenue Service for e-delivery of tax forms and bank regulators).

Because the rule will be adopted by issuers and their transfer agents individually, there are opportunities for issuers and transfer agents to transition to the new rule gradually. Prescriptive or accelerated implementation requirements could disproportionately disadvantage smaller transfer agents, potentially reducing competition and limiting the range of transfer-agent service options available to issuers.

In light of these considerations, implementation of Regulation E-Delivery will require coordinated operational, compliance, contractual, and vendor-management changes throughout the issuer and transfer-agent ecosystem. While the proposal appropriately provides flexibility regarding adoption, many transfer agents and issuers will require time to evaluate current communication practices, assess available shareholder contact information, update vendor relationships, revise contractual arrangements, and implement necessary policies and procedures.

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Transfer agents generally do not always control the collection of shareholder email information and often receive contact information from issuers, investors, other transfer agents, or third-party providers. As a result, the quality, completeness, and age of available electronic-contact information may not be known and may vary considerably. The Commission should therefore allow transfer agents and other covered entities to rely upon information reasonably believed to be accurate and should not impose liability or deem the e-delivery of communications insufficient solely because information later proves outdated or incomplete.

The Commission should further clarify the compliance expectations applicable to electronic delivery. In particular, it should confirm that covered entities are not required to demonstrate that a recipient opened or read a communication where the entity has successfully completed the delivery process prescribed by the rule. Because many transfer agents do not maintain sophisticated email-tracking technologies, a framework that relies upon proof of opening or engagement could

create substantial operational burdens without necessarily improving investor protection.

The Commission should also provide flexibility regarding recordkeeping requirements and permit covered entities to maintain records reasonably designed to demonstrate compliance rather than prescribing a specific technological solution.

III. Shareholder Communications and Proxy Matters

A. Interaction with Other Shareholder Communications

The Commission should consider how Regulation E-Delivery will interact with the broader framework governing shareholder communications. Transfer agents routinely support delivery of proxy materials, annual reports, corporate-action notices, account statements, tax forms, and other communications that may have different legal and regulatory requirements (including e-delivery requirements), timing considerations, and investor expectations.

The final rule should preserve flexibility for issuers and investors while providing clarity regarding the treatment of communication preferences. Shareholders may reasonably wish to receive certain materials electronically while preferring paper copies of other communications. The Commission should avoid imposing unnecessarily rigid requirements that could limit investor choice or complicate administration.

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STA also encourages the Commission to ensure that the final framework supports efficient shareholder participation in corporate governance. Modern electronic communications can improve investor access to information and increase engagement in voting and corporate-action processes. At the same time, any framework adopted should recognize that successful delivery does not necessarily require confirmation that a recipient opened or reviewed a communication.

B. Proxy Materials and Notice and Access

Regulation E-Delivery proposes to eliminate the Notice and Access rule that has been successful in eliminating the requirement of sending full sets of proxy materials to millions of registered shareholders. The STA would support keeping the Notice and Access option in place for issuers with respect to proxy materials. As noted above, transfer agents have electronic addresses for only a small percentage of registered shareholders. The elimination of Notice and Access would result in significantly more, not less, paper mailings to registered holders that have become accustomed to receiving a one-page notice directing them to proxy materials

online. This result is contrary to the purpose of the proposed rule. As an alternative, we would propose extending the time period for issuers to utilize Notice and Access [for 1 or 2 years] after implementation of the rule, so that issuers have additional time to communicate with registered shareholders that they will begin receiving full sets of materials unless they provide an electronic address.

IV. Investor Protections

The rule should consider the nature of registered shareholders serviced by transfer agents. In order to accommodate these shareholders, the rule should preserve the opportunity for shareholders to have paper opt-out rights, receive free paper copies, receive communications in accessible formats, and receive clear transition notices regarding any change in delivery preference. Particular consideration should be given to elderly, rural, and less digitally engaged shareholders.

The Commission should also recognize that shareholder communications encompass a broad range of materials, including proxy materials, annual meeting information, corporate action notices, tax reporting documents, account statements, and other important investor communications. Investors should retain meaningful choice regarding communication preferences, and the final rule should be implemented in a manner that facilitates participation in corporate governance and access to important issuer information.

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In addition, the rule should continue to permit reasonable alternative communication methods where electronic delivery proves unsuccessful or where a shareholder affirmatively prefers paper communications. Investor protection is strengthened when shareholders receive important information through the communication channel most likely to be effective for that particular investor.

V. Future Developments and Technology-Neutral Frameworks

The rule should also be prepared in a way that will consider future developments. As the securities industry moves to tokenized securities as an alternative means of holding securities, the rule should consider how it will interact with any future rules in this area. The rule can support broader market modernization and potentially DLT-native communications, but it should not undermine the transfer agent's role in official recordkeeping for issuer-sponsored securities.

STA supports a technology-neutral approach that allows communications practices to evolve as markets and technologies evolve. As the securities industry explores distributed-ledger technology, tokenized securities, and other emerging

technologies, communication frameworks should remain sufficiently flexible to accommodate new methods of communication and authentication.

Regardless of the technologies ultimately adopted, transfer agents will continue to play a critical role as official recordkeepers for issuer-sponsored securities. The final rule should therefore support innovation without disrupting the established responsibilities of transfer agents with respect to record ownership, communications, and investor protection.

VI. Recommended Commission Action

STA respectfully recommends that the Commission:

- **Preserve investor choice while advancing modernization.** Adopt a framework that permits electronic delivery as a default communication method while preserving paper options, accessibility accommodations, and clear transition processes for investors.
- **Provide a practical implementation framework.** Allow issuers and transfer agents sufficient flexibility and time to update systems, agreements, policies, controls, vendor relationships, and communication practices, recognizing that electronic-contact information remains incomplete for many registered shareholders.
- **Clarify delivery, compliance, and recordkeeping expectations and provide an implementation safe harbor.** Confirm that compliance does not require proof that a recipient opened or engaged with delivered content, permit reasonable reliance on electronic-contact information believed to be accurate, allow flexible technology-neutral recordkeeping methods, and establish a safe harbor where a covered entity follows reasonable documented procedures designed to comply with Regulation E-Delivery.
- **Support shareholder communications and proxy participation.** Preserve flexibility for proxy materials and other shareholder communications, including maintaining the Notice and Access option and accommodating differing communication preferences across communication types.
- **Modernize the treatment of shareholder contact and Rule 17Ad-17.** Recognize authenticated electronic interactions as potential evidence of ongoing shareholder contact while clarifying that electronic-delivery failures, non-opening, or inactivity do not alone establish lost-owner status. Coordinate Regulation E-Delivery with future modernization of Rule 17Ad-17 to appropriately recognize electronic forms of shareholder engagement while preserving existing investor protections. Establish prioritization with conflicting state laws.
- **Adopt a technology-neutral framework.** Ensure that Regulation E-Delivery can evolve alongside future developments in shareholder communications,

distributed-ledger technology, tokenized securities, and related market modernization initiatives without disrupting transfer agents' role as official recordkeepers for issuer-sponsored securities.

Conclusion

We support the Commission's effort to modernize delivery of investor communications under the federal securities laws. Clear treatment of unclaimed-property issues is essential to ensure that the rule does not inadvertently increase premature escheatment, fragment compliance obligations, or reduce investor access to their assets. The final framework should also provide a practical implementation path for issuers and transfer agents, preserve meaningful investor choice, support efficient proxy and shareholder communications, modernize the treatment of electronic shareholder activity, and remain technology-neutral as securities markets evolve. The recommendations above would help preserve the benefits of electronic delivery while protecting investors and providing covered entities with a workable compliance framework.

STA thanks the Securities and Exchange Commission for the opportunity to comment. We are available for further discussion at your convenience.

Sincerely,

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Melissa Cabocel
Executive Director