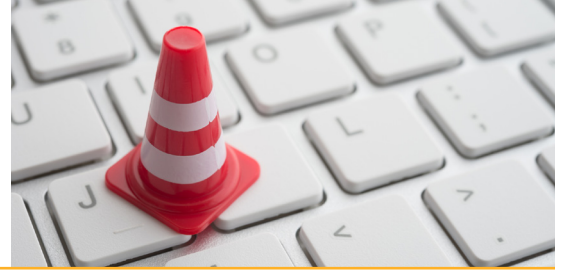


Investment Management Client Alert |
January 24, 2025

SEC Website Disclosure Obligations: Dot Your I's and Hyperlink Your T's



The Division of Investment Management's Disclosure Review and Accounting Office (DRAO) of the U.S. Securities and Exchange Commission (SEC) issued an [Accounting and Disclosure Information \(ADI\) publication](#) on January 16 with a stated objective to remind registrants of website disclosure obligations and to "flag certain issues the DRAO has observed."¹ Specifically, the ADI focused on the website posting requirements under Rules 498 and 498A (the Summary Prospectus Rules), Rule 6c-11, Rule 2a-7 and exemptive orders with relevant website disclosure conditions.

The ADI provides a summary of website posting requirements applicable to certain open-end funds, variable insurance products (VIPs), exchange-traded funds (ETFs) and money market funds (MMFs), followed by observations from DRAO staff review of website postings.

Key Takeaways

Registrants making use of website disclosures should:

- Review their website postings against the summary of requirements and DRAO observations in the ADI;
- Review and test existing policies and procedures to ensure that information and documents are posted and accessible on the fund's website in a timely manner;
- Coordinate with service providers responsible for assisting with such online disclosures to ensure the disclosures comply with applicable rules;
- Review compliance with exemptive order conditions regarding online disclosures, if applicable; and
- Ensure that the registrant's online disclosure is clearly and consistently presented to reduce the likelihood of investor confusion.

Summary Prospectus Website Disclosures and Functionality

While the DRAO noted that most registrants typically met the table-of-contents linking requirements as well as the requirement to provide a link between the summary prospectus and statutory prospectus/statement of additional information (SAI), the DRAO observed that several registrants did not include a table of contents in one or both of the statutory prospectus or SAI or failed to provide a hyperlinked table of contents in a sidebar. Additionally, the DRAO observed that several registrants did not include any linking from the summary prospectus to the statutory prospectus and SAI or only partially satisfied this linking requirement under the Summary Prospectus Rules.² The DRAO also identified some summary prospectuses that failed to provide a website address that investors can use to obtain the required online documents and further noted that others instead provided a generic website address to the registrant's homepage.

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With respect to VIPs, the DRAO observed several registrants that offer VIPs provided a continuously visible sidebar with a link to the statutory prospectus rather than links to the relevant sections of the statutory prospectus,³ finding that the layered approach to the hyperlinks complicated an investor's ability to access the relevant section directly. The DRAO also observed that some of these registrants did not provide adequate means of accessing definitions of special terms.

ETF Website Disclosures

With regard to ETFs, the DRAO observed that some registrants did not comply with certain online disclosure requirements, including instances where a registrant expressed the premium and discount as a dollar figure, rather than as a percentage as required under Rule 6c-11.⁴ The DRAO also observed that some registrants used alternative terminology to describe premiums and discounts, and while the ADI did not provide examples of problematic alternative terminology, it did note that the use of such terminology has the potential to confuse investors and called for "clearly describing the required information." The DRAO also noted that although Rule 6c-11 does not prescribe requirements with regard to terminology to describe the fund's 30-day median bid-ask spread, several registrants omitted the term "30-day," which, in the DRAO's view, could lead to investor confusion.

The DRAO identified several instances in which registrants omitted certain key information on the ETF's website, failed to provide timely historic premium and discount information, or failed to make the required information easily accessible. The DRAO identified several registrants that failed to include CUSIPs or other identifiers with their daily holdings information as required under Rule 6c-11. The DRAO also observed that some ETFs did not disclose timely historical premium and discount information on their websites or, in some cases when such information was disclosed, that the information was difficult to locate. Additionally, the DRAO reviewed the website disclosures for ETFs with premiums or discounts exceeding 2% for seven or more consecutive trading days and found that a significant number of such ETFs did not disclose that their premiums or discounts were greater than 2% or provide a discussion of the factors that are reasonably believed to have materially contributed to the premium or discount.

MMF Website Disclosures

The DRAO observed that several MMFs did not post on their websites the required link to the SEC's website, where a user may obtain the most recent 12 months of publicly available information filed by the MMF on Form N-MFP, as required under Rule 2a-7(h)(10)(iv).⁵

¹ [Website Posting Requirements – ADI 2025-15](#), SEC (January 16, 2025). An ADI is not a rule, regulation or statement of the Division of Investment Management and is merely intended to assist registrants in complying with disclosure requirements.

² 17 C.F.R. § 230.498(e).

³ 17 C.F.R. § 230.498A.

⁴ 17 C.F.R. § 270.6c-11(c)(1)(v).

⁵ 17 C.F.R. § 270.2a-7(h)(10)(iv).



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