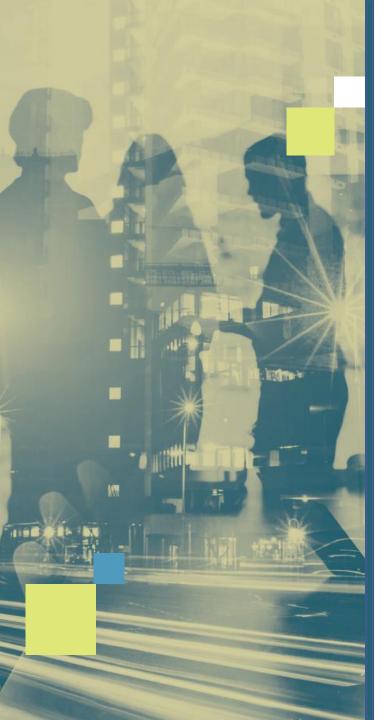


# NIRI Needs Your Help to Defeat the SEC's 13F Proposal

July 23, 2020 | 1:00pm ET





## Q & A

Submit your questions in the Q&A chat window



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#### **SPEAKERS**

- > Gary A. LaBranche, FASAE, CAE, President and CEO, NIRI (moderator)
- ➤ Patrick Davidson, Senior Vice President, Investor Relations, Oshkosh Corp., and Chair of NIRI's Advocacy Committee
- > Dave Dragics, retired IRO and NIRI Capital Area Advocacy Ambassador
- > Niels Holch, Partner, Holch & Erickson (NIRI's outside lobbyist)
- > Ted Allen, Vice President, Communications and Member Engagement, NIRI



#### **CONCERNS ABOUT THE SEC'S 13F PROPOSAL**

- Increases 13F threshold by **35 times**, which far exceeds rate of inflation
- ➤ Would exempt 4,500 (89 percent of current 13F filers) from disclosure
- Would inhibit issuer-investor engagement, especially for small and mid-cap issuers
- ➤ Would expose public companies to ambush activism by hedge funds, which is expected to increase in 2021-22
- ➤ Proposal does not include any reforms (reduce 45-day delay, include shorts, monthly disclosure) to improve transparency
- Proposal ignores the intent of Congress to require more disclosure from 13F filers
- > The SEC did not seek the views of issuers before proposing this rule
- > Retail investors overwhelmingly oppose increasing the threshold to \$3.5B
- Would deter private companies from going public or prompt them to list overseas (U.K., Germany, Australia, and even China provide more transparency)



#### **HOW YOU CAN HELP NIRI ON 13F**

- > Sign on to NIRI's joint issuer comment Letter to the SEC (By August 12)
- Ask your company to write its own letter to the SEC that explains the direct impact on your company
- Ask your Government Affairs team to reach out to U.S. Senate and House lawmakers, especially those on Senate Banking or the House Financial Services Committee
- Ask Your Government Affairs team to share your concerns with other industry groups (U.S. Chamber, NAM, BIO, etc.)
- Share your concerns with your exchange
- ➤ Encourage your chapter to submit Its own letter on 13F to the SEC and Members of Congress
- > IR counselors are encouraged to send in their own letters



#### POINTS FOR COMPANY SEC LETTERS

- > Endorsement of NIRI National's comment letter (and others opposed to the rule)
- Significant reliance of the company on 13F filings as the only accurate source of institutional holdings available
- Number of institutional holders and outstanding shares of company; number of current holders and shares, with percent, that would avoid disclosure
- > Would result in significant loss of market transparency of company's holders
- Less effective investor engagement due to fewer 13F forms filed
- Negative impact on the company if unable to afford stock surveillance services (if applicable)
- Potential exposure of company to post-pandemic surge of "ambush activism" (if applicable)
- > Instead of proposed rule, recommend modernization of 13F disclosure regime



#### POINTS FOR COMPANY LETTERS TO CONGRESS

- Company location, size, and number of employees
- Opposed to proposed 13F reporting threshold rule; agree with points made in SEC Commissioner Lee's statement (i.e., questioning of statutory authority)
- Significant reliance of the company on 13F filings as the only accurate source of institutional holdings available
- Number of institutional holders and outstanding shares of company; number of current holders and shares, with percent, that would avoid disclosure
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- > Instead of proposed rule, recommend modernization of 13F disclosure regime



### POINTS FOR CHAPTER SEC LETTERS

- > Number of companies and total market capitalization represented by the chapter
- > Endorsement of NIRI National's comment letter
- ➤ Significant reliance of member companies on 13F filings as the *only accurate source of institutional holdings available*
- Would result in significant loss of market transparency nationally and among member companies
- Negative impact on member companies unable to afford stock surveillance services
- Less effective issuer-investor engagement due to fewer 13F forms filed
- ➤ Potential exposure of member companies to post-pandemic surge of "ambush activism" (if applicable)
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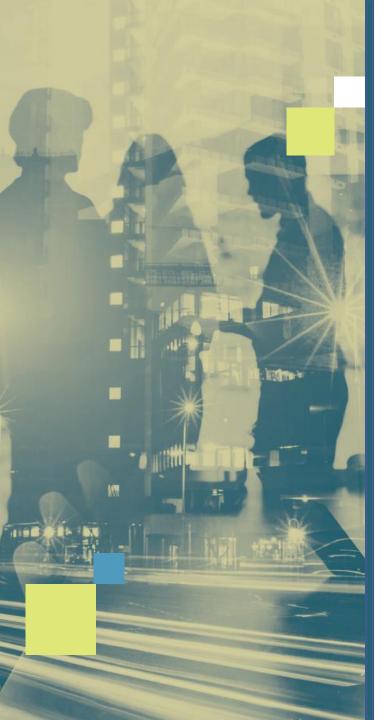


#### **OUR CALL TO ACTION**

#### What you can do

- Sign on to the NIRI National issuer letter by emailing Ted Allen (tallen@niri.org)
- Sign on to your chapter letter
- > Send a letter from your company
- Drive awareness and advocate for our shared position





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