September 1, 2020

Via Email: rule-comments@sec.gov

Ms. Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Reporting Threshold for Institutional Investment Managers, Release No. 34-89290; File No. S7-08-20

Dear Ms. Countryman:

The NIRI Virtual Chapter is the second largest chapter of the National Investor Relations Institute (NIRI) and represents 239 members of which approximately 80% are corporate issuers and 10% are investor relations counselors. On behalf of the NIRI Virtual Chapter, I am writing to express our deep concern about, and strong opposition to, the proposed amendment of Form 13F to raise the reporting threshold for institutional investment managers to $3.5 billion.

We strongly encourage the modernization of reporting practices and modernizing 13F reporting but believe that this proposal significantly detracts from that effort and is a step backward from the intent to understanding the impact of institutional investment managers on the securities markets and increasing investor confidence in the integrity of the U.S. securities markets. In fact, the proposal continues a trend of increasing opacity regarding trading, investing and ownership by further limiting the public's access to information regarding our capital markets.

The Value of Information Reported on Form 13F for Capital Market Efficiency

For us in the investor relations profession, the Form 13F provides an important and practical means to understand who holds a company's stock and how that ownership profile reflects the issuer's strategy and outlook. More importantly, it tells us whether our communications are effectively attracting the investors that we believe should own our stock and informs us as to who to target for ownership.

The sheer number of investors (~4,500) and the $2.3 trillion in investment value that would be shielded by this change in threshold points to the degree of opacity this creates. The impact of the threshold change is more significant the smaller the market capitalization of a corporate issuer. The "smaller" 13F filers, defined based on the proposed amendment as those with less than $3.5 billion in assets to $100 million in assets, are the targeted audience for micro, small and mid-cap companies. There are more companies in these market cap ranges than in the large and mega cap categories. As a result, the proposal impacts a much larger audience of issuers that need investor information.

The drive for transparency in disclosure by issuers is intended to improve capital market efficiency and protect the individual holders. One of the core objectives of investor relations is to assist in the information discovery process on behalf of issuers and is critical to the efficiency of our capital markets. We target the investors with the greatest propensity to invest in each company by understanding what other investments they are making. The importance of institutional investors ownership information is substantiated by the significant number of services that are available to aggregate and analyze the date.

The Contradiction Regarding Transparency and the Distraction of Superfluous Activism

The Commission's proposal to significantly reduce 13F disclosures also is at odds with recent requests by the SEC that public companies "provide as much information as is practicable" to investors amid the market uncertainty caused by the global COVID-19 pandemic. Just as there is a need for greater transparency on our part to our investors, our need for ownership data is even greater during these uncertain times, when market volatility is high and many activist investors have taken advantage of share price declines to amass larger stakes in potential target companies. Under the proposed $3.5 billion threshold, we would be unable to monitor those activist investors who would be exempt from reporting their positions, thus "gaming the system" and using the increased lack of transparency for their benefit and not that of our company's long-term shareholders.

The loss of 13F data under the proposed rule potentially exposes issuers to a greater risk of ambush activism by short-term-oriented fund managers, who may demand that we eliminate jobs, reduce research funding, increase share buybacks, or take other measures that may not be part of a company's long-term strategy or even the investment strategy of long-term investors. According to Activist Insight, 2019 was a record year for activism as 470 U.S. companies were targeted, and 95 proxy contests were launched. Many corporate advisers are warning companies to prepare for another surge in activism in 2021-22 after the pandemic subsides (as there was after the financial crisis of 2008-09), so the timing of the SEC's proposed reduction of 13F transparency would be especially unfortunate for companies and long-term investors.

Recommendation to Withdraw Proposed Form 13F Amendments and Institute Consistent Modernization and Transparency

For the foregoing reasons, we request that the Commission withdraw its proposed 13F amendments and instead pursue the reforms detailed in the rulemaking petitions submitted by National Investor Relations Institute, the NYSE Group, the Society for Corporate Governance, and Nasdaq. Rather than reduce 13F transparency, we suggest the SEC recognize the advances in technology since 1978 and promote more timely and complete disclosure by supporting more frequent reporting, requiring the public disclosure of short positions, and cutting the 45-day reporting period.

Sincerely,

Deborah K Pawlowski

Deborah K. Pawlowski, IRC
Advocacy Ambassador, NIRI Virtual Chapter