



NIRI WEBINARS

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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