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Committee on Corporate Reporting

September 29, 2020

Ms. Vanessa Countryman, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: SEC File Number S7-08-20
Reporting Threshold for Institutional Investment Managers

Submitted via rule-comments@sec.gov

Dear Ms. Countryman:

This letter is being submitted by Financial Executives International's (FEI) Committee on Corporate Reporting (CCR) in response to the Securities and Exchange Commission's (SEC or "the Commission") Proposed Rule *Reporting Threshold for Institutional Investment Managers* ("the amendments" or "the Proposal" or "the Proposed Rule").

FEI is a leading international organization of more than 10,000 members, including Chief Financial Officers, Controllers, Treasurers, Tax Executives, and other senior-level financial executives. CCR is a technical committee of FEI comprised of approximately 50 Chief Accounting Officers and Corporate Controllers from Fortune 100 and other large public companies, representing approximately $12.3 trillion in market capitalization. CCR reviews and responds to pronouncements, proposed rules and regulations, pending legislation, and other documents issued by domestic and international regulators and organizations such as the SEC, PCAOB, and FASB.

This letter represents the views of CCR and not necessarily the views of FEI or its members individually.

The size and structure of the U.S. equities market has changed significantly in the 45 years since the Form 13F reporting threshold was last updated. Thus, CCR understands the rationale for the Commission's proposal and appreciates the intent to reduce reporting costs for smaller investment managers. However, CCR is concerned that increasing the reporting threshold to $3.5 billion will significantly reduce transparency to the ownership of public companies and hamper engagement with shareholders.

Information about shareholder composition is critical for public companies to effectively engage with, provide relevant information to, and address the needs of their shareholders. Public companies rely on both Form 13F and Schedule 13D filings to provide reliable quality information about their shareholder composition. Because Schedule 13D is filed only by shareholders with greater than 5 percent ownership of a voting class of a company's equity securities, public companies rely most heavily on quarterly Form 13F filings to gather the ownership information of smaller shareholders whose needs may otherwise be overlooked.

Committee on Corporate Reporting

Although CCR recognizes that the reporting threshold for Form 13F may deserve reconsideration after 45 years, CCR does not believe the proposed reporting threshold increase is appropriate. A reporting threshold of $3.5 billion would eliminate 89.2 percent of current Form 13F filers and leave public companies with no other regulated mechanism to identify these shareholders. Therefore, CCR does not believe that the estimated cost savings described in the proposal justify the loss of reliable and high-quality shareholder information. However, if the SEC determines that updating the threshold is necessary, CCR suggests a more measured approach that takes into consideration the impact of the reporting threshold increase on public companies' ability to engage with shareholders of all sizes.

Sincerely,

Prat Bhatt

Prat Bhatt
Chairman, Committee on Corporate Reporting
Financial Executives International