



# CONVERGENCE

OPTIMAL PERFORMANCE

June 15, 2023

Via Electronic Submission

Re: File No. S7-06-22: Modernization of Beneficial Ownership Reporting

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

Dear Secretary Countryman,

Convergence Inc. (“Convergence”) appreciates the opportunity to comment on the Securities and Exchange Commission’s (the “Commission’s”) proposed rules.

Convergence has provided hundreds of its clients with data-driven insights on 49,000+ investment advisers and 6,000+ unique service providers for over 10-years . Our subject-matter experts have analyzed the transactions between thousands of advisers and service providers and received input from thousands of conversations they have had with clients and advisers and service providers in the market. Our subject matter experts were CFOs, COOs, CCOs and CROs.

### **Shortening the filing deadlines for 13D/G**

We concur with comments provided by “Fund Recs” on February 25, 2023, that noted “the majority of jurisdictions currently impose a T+4 disclosure basis or shorter. The European Union and United Kingdom are T+4, Hong Kong, Singapore and Australia are T+2/3. Some countries such as Norway even require same day disclosure.” Bringing the 13G QII regime to 5 days after month-end would create a more level playing field and greatly benefit market transparency.

### **Including cash-settled derivatives (CSDs) in “deemed” beneficial ownership**

Again, with reference to global markets, it is standard practice for beneficial ownership reporting to include CSDs. The use of CSDs has grown exponentially since 13D/G was last updated and it is a widely held belief that CSDs are used in preference to equities largely to avoid filing obligations. Including CSDs would increase transparency about actual economic interest in companies which we believe should be at the heart of beneficial ownership reporting.

### **Using structured, machine-readable data in XML for filing**

The internet has heralded the adoption of machine-readable data exchanged via so-called APIs. Any data which is not easily processable by machines will become largely useless as the century progresses.



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Using XML would enable the SEC to process filings instantaneously and therefore allow for real-time analysis and if necessary, remedial action.

We believe that the proposed rules are needed and will create benefits that exceed the costs and requirements to implement them. They will strengthen the Commission's mission to protect investors, maintain fair, orderly and efficient markets and facilitate capital formation in a fast-growing and increasingly complex industry and, specifically, they will provide investors with greater transparency into the beneficial ownership of various assets.

Respectfully,

*John F. Phinney Jr*  
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John F. Phinney Jr  
CEO & Founder, Convergence Inc