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Thank you for the opportunity to comment on the new economic data and analysis developed by the staff of the Securities and Exchange Commission (SEC), regarding its Proposed Rule to modernize beneficial ownership reporting.

Much has changed in the financial markets over the past 50 years and the 10-day window has been the subject of mounting criticism for allowing too much time for hedge funds and other activist investors to accumulate large stock positions before being required to disclose anything publicly. Acquiring large blocks of shares secretly for such a long period of time allows these investors to trade on asymmetric price information and continue accumulating shares from unwitting investors for almost two weeks after the 5% threshold is reached.

This extra time before public disclosure allows activist investors to accumulate a much higher ownership position than 5% before an SEC filing is required. And this lengthy reporting window disadvantages investors who are selling their shares after the 5% threshold is reached. These investors are unaware of a pending Schedule 13 filing and won't receive the increase in share price that typically occurs once this SEC filing is made.

The SEC now proposes to shorten the reporting window from 10 calendar days to 5 calendar days. This change would reduce information asymmetry in the price discovery process and provide the marketplace with more timely notice of the acquisition of a 5% share ownership position.

On April 28, 2023, the SEC released a staff memorandum providing statistical data and analysis regarding the economic effects of its 2022 proposals to modernize the reporting regime for institutional investors that accumulate more than 5% of the outstanding shares of a public company.

The data and analysis in this SEC Staff Memorandum demonstrate conclusively that reducing the filing window from 10 calendar days to 5 calendar days would reduce information asymmetry and mitigate the unfair insider advantages that activist investors have during the lengthy Schedule 13D reporting deadline. However, could I encourage the SEC to consider a **two business-day reporting deadline**.

The two business-day threshold would mirror the SEC's Form 4 disclosure requirements for executive stock transactions. These preplanned sales or purchases by executives under Rule 10b5-1 plans should not be treated as information that is more valuable to the marketplace than disclosures about an investor that has accumulated a 5% position in a company. An ownership stake this large by a single investor is likely to move a company's stock price and is a far more important disclosure to investors than many of the Form 4 disclosures, which are often for small share amounts.

There is another perspective to consider as well. As the SEC demonstrates, the disclosure of a Schedule 13D filing is an event that will move the price of a stock. This is akin to inside information—the filer knows that the filing is coming, while nobody else does. They are in possession of material non-public information and have many days to trade on that information. The Commission should reduce that time period as much as possible.

From a policy perspective, both relative to Form 4 disclosure requirements and considering the possession of material non-public information, it makes more sense for the SEC to require a two (2) business day reporting window.

In addition to the above, in its Final Rule, **could the SEC clarify that any disclosure requirements for cash-settled equity swaps would not result in any change to the voting rights or investment powers of the underlying reference securities that are the basis for these types of swaps.**

Thank you for your consideration of my views.

Yours sincerely,

Lewis Schofield