September 22, 2020

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:

On behalf of the Investor Relations practice of Edelman, a global communications firm that partners with businesses and organizations to evolve, promote and protect their brands and reputations, we are writing to express our opposition to the Commission's proposed amendments to the Form 13F reporting rules for institutional investment managers.

Edelman represents publicly traded issuers across a multitude of industries and market capitalizations. As advisors to companies about how they should best engage the investment community, we see significant negative outcomes from this proposed change. In exchange for eliminating cheap and automated 13F filing processes, which will at best marginally benefit asset managers, the capital markets will lose transparency into $2.3 trillion of equity investments from nearly 4,500 money managers, according to the National Investor Relations Institute[1].

We fear the SEC's proposal will create harm in two ways. It will create much higher levels of vulnerability to under-the-radar activist investors who will be able to build positions in the shadows, putting executives and their companies in a bind with little warning. And it will remove a critical source of information companies use today to identify current investors and target potential new shareholders, which is the bedrock of an effective investor relations program.

Reduced Transparency Creates Activist Vulnerability for Issuers and Their Employees

The SEC's proposal comes at a time when it is asking companies to "provide robust and transparent disclosures about how they are dealing…with the current (COVID-19) environment."[2] In our advisory role, we push our clients to communicate openly so investors can better understand their operations, helping

[1] National Investor Relations Institute, July 13, 2020, available at: https://www.niri.org/NIRI/media/NIRI/Executive-Alert/NIRI-Executive-Alert_-SEC-Proposes-to-Reduce-Equity-Ownership-Transparency-7-13-2020.pdf

[2] SEC, "Coronavirus Disclosure Considerations Regarding Operations, Liquidity, and Capital Resources," June 23, 2020, available at: https://www.sec.gov/corpfin/covid-19-disclosure-considerations

3 Lazard, "2019 Review of Shareholder Activism," January, 2020, available at: https://www.lazard.com/media/451141/lazards-2019-review-of-shareholder-activism-vf.pdf

achieve a fair valuation. It is therefore a stunning irony that the very transparency for which the SEC advocates will be impaired if its suggested rule change takes effect.

To demonstrate the danger of this lost transparency, consider the number of activist asset managers that fall below the $3.5 billion threshold. According to data from research service Activist Insight, more than 60 percent of activist investors, including prominent activists JANA Partners and Sachem Head, manage assets *below* the SEC's proposed $3.5 billion cut-off and would no longer file quarterly reports. The less-than-$3.5 billion threshold includes four-out-of-ten of the most frequent activists in 2019, according to investment bank Lazard[3].

The top reasons for activist engagement include gaining board representation, removal of directors or executives, or to support or oppose a merger or acquisition. All three generate highly disruptive contests that can radically alter a company's path forward, impacting both executives and the thousands of people they employ.

Reduced Engagement Due to Lack of Transparency

We recommend companies engage with all investors, whether they have a history of activism or not, as soon as their investment becomes apparent. Removing notification through quarterly 13F filings, as the SEC proposes, will make this vastly more difficult, and will force companies to wait for the activist's "knock on the door," versus reaching out proactively, as is the best practice.

Likewise, as 13F data is the only accurate source of ownership information available, we believe this proposed rule, if enacted, would hamper targeting efforts by issuers to identify potential shareholders and thus impair issuer engagement with shareholders.

As a result, we see the SEC's proposed change as a step backwards for shareholder democracy. When we work with publicly-traded clients, we champion transparency, as its elimination rarely promotes optimal valuation and capital markets efficiency. We hope the SEC recognizes this and rather than curtailing transparency, reconsiders this ill-advised proposal.

Jeremy Cohen
Senior Vice President

Jeff Zilka
Senior Counselor

[1] National Investor Relations Institute, July 13, 2020, available at: https://www.niri.org/NIRI/media/NIRI/Executive-Alert/NIRI-Executive-Alert_-SEC-Proposes-to-Reduce-Equity-Ownership-Transparency-7-13-2020.pdf

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