



April 1, 2022

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

RE: File Number S7-20-21: Rule 10b5-1 and Insider Trading

Dear Ms. Countryman:

On behalf of monday.com, I am writing in response to the request for comments from the U.S. Securities and Exchange Commission (the “Commission”) on the proposed amendments to Rule 10b5-1 under the Securities Exchange Act of 1934 (the “Proposed Rule”). monday.com Ltd. (NASDAQ: MNDY), a work operating system (Work OS) where organizations of any size can create the tools and processes they need to manage every aspect of their work, is an Israeli foreign private issuer that completed its initial public offering in June 2021.

We at monday.com wholeheartedly agree with the Commission’s stated goal of avoiding the abuse of the affirmative defense under Rule 10b5-1(c)(1) “to opportunistically trade securities on the basis of material nonpublic information in ways that harm investors and undermine the integrity of the securities markets”.¹

Nonetheless, as a company that strives to empower its employees by cultivating a culture of transparency and ownership, we take pride in the fact that our employees are constantly being exposed to sensitive company information. This allows each employee to make an impact on the company and to know their impact directly from our data — without a middleman. Likewise, we ensure that each employee feels that they have an ownership stake in the company and benefits from the company’s success by granting equity to all of our employees. We also established an Employee Stock Purchase Plan.

Considering the above, we believe that the requirement in the Proposed Rule that “the person who entered into the contract, instruction, or plan, has no outstanding (and does not subsequently enter into an additional) contract, instruction, or plan for open market purchases or sales of the same class of securities” would be unduly burdensome. In particular, we are

¹ SECURITIES AND EXCHANGE COMMISSION 17 CFR Parts 229, 232, 240 and 249 [Release No. 33-11013; 34-93782; File No. S7-20-21] p. 1.

greatly concerned about the effect this aspect of the Proposed Rule will have on “sell to cover” arrangements to satisfy tax withholding obligations related to equity awards.

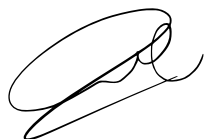
monday.com frequently includes a “sell to cover” arrangement in its equity awards intended to satisfy tax withholding obligations incurred by an employee upon receipt of shares in connection with an equity award. Typically, the sales made under a “sell to cover” arrangement are technical in nature, spread out over long period of time (throughout the period of the equity grant, which for monday.com can be up to four years) and set to coincide with pre-determined vesting events, over which the grantee has no direct control. In addition these “sell to cover” arrangements are of a limited magnitude, as they are only used to cover the tax event and not for additional sales.

Each “sell to cover” arrangement is structured in a way to benefit from the affirmative defense under Rule 10b5-1(c)(1). However, the Proposed Rule’s limitations on overlapping 10b5-1 plans would limit each employee to a maximum of one “sell to cover” arrangement at a time (or no “sell to cover” arrangements if the employee has an existing Rule 10b5-1 plan), despite the potential for an employee to have many different equity awards outstanding at the same time. An inability to use “sell to cover” arrangements for all equity awards could severely harm employees, forcing them to use their own funds to pay tax expenses.

We request that the Commission address this issue in the final rule by exempting “sell to cover” arrangements from the Proposed Rule’s limitations on overlapping 10b5-1 plans. We note that the same concerns regarding potentially abusive practices do not exist for “sell to cover” arrangements that are intended only to satisfy tax withholding obligations.

We appreciate the opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read 'Shiran Nawi', with a stylized flourish at the end.

Shiran Nawi, Adv.
General Counsel
monday.com