



April 1, 2022

By Internet submission

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

Re: Share Repurchase Disclosure Modernization (SEC File No. S7-21-21); Rule 10b5-1 and Insider Trading (File No. S7-20-21)

Dear Ms. Countryman:

HP Inc. (“HP,” “our” or “we”) appreciates the opportunity to provide comments to the U.S. Securities and Exchange Commission (the “Commission”) in response to proposed Rule 13a-21 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the proposed Form SR and the proposed amendments to Item 703 of Regulation S-K (collectively, the “Repurchase Rule Proposal”) and the proposed amendments to Rule 10b5-1 (the “10b5-1 Rule Proposal,” and together with the Repurchase Rule Proposal, the “Proposed Rules”). Given that these rule proposals address overlapping issues and concerns, we are commenting on both proposals in this comment letter.

HP is a leading global provider of personal computing and other access devices, imaging and printing products, and related technologies, solutions and services. HP sells to individual consumers, small- and medium-sized businesses and large enterprises, including customers in the government, health and education sectors. Our specific concerns with the Proposed Rules are discussed below.

Summary

Like many issuers, HP employs share repurchases to return cash to shareholders and to manage the dilutive effects of new equity issuances, including under our equity compensation plans. We are aware that, in recent years, issuer share repurchases have been the subject of increased interest from politicians, academics, certain investors, and other stakeholders. In its

releases proposing the Proposed Rules, the Commission cited a number of the concerns that have been raised in various quarters concerning potentially illegitimate uses of share repurchases. In particular, the Commission voiced concern that share repurchases may serve as a means of insider manipulation of an issuer's stock price and that there may exist information asymmetries between issuers and their counterparties in repurchase transactions, which may disadvantage the counterparties. We respectfully submit that these concerns do not reflect the actual practices and safeguards employed by many issuers in their share repurchase programs.

We concur with those who have emphasized the role of share repurchases as an important aspect of an issuer's capital allocation strategy to return value to shareholders. We also believe that share repurchase programs can support an efficient market by allowing issuers to return cash to shareholders. To that end, we write to provide the Commission with information about HP's share repurchase practices and what we believe would be the effects of the Proposed Rules on both HP and HP's investors.

HP understands the policy objective of increased transparency regarding share repurchases. However, as currently drafted, the Proposed Rules would unduly and significantly burden issuers; could have significant unintended consequences; and are not required to address the stated concerns of insider manipulation or asymmetric information. Instead, HP believes that better results could be achieved for all stakeholders with enhanced disclosure under Item 703 of Regulation S-K or a new Form SR filed on a quarterly or, if deemed necessary, monthly basis.

The Review and Approval Process of HP's Share Repurchase Plans

HP's Board of Directors oversees HP's share repurchase program. The Board's Finance, Investment and Technology Committee receives regular updates on the execution of the share repurchase program and progress towards authorized amounts.

HP frequently enters into and relies upon Rule 10b5-1 trading plans to repurchase shares. Before entering into a 10b5-1 plan, HP Treasury obtains approval from the Chief Financial Officer (CFO) on the amount to be repurchased, and, if any, the volume and price limits. Once the CFO's approval has been obtained, HP's Legal team will confirm with key officers ahead of the execution of the plans that they are not in possession of material non-public information ("MNPI"). Only once each of these steps are completed will HP Treasury enter into a new 10b5-1 plan. In addition, all 10b5-1 plans are structured to comply with the Exchange Act Rule 10b-18 safe harbor from liability for market manipulation.

10b5-1 Rule Proposal

The Definition of “Overlapping Plans” Should be Clarified to Exclude Plans That Cover Different Time Periods

The 10b5-1 Rule Proposal would prohibit “overlapping Rule 10b5-1 trading arrangements for open market trades in the same class of securities.” However, if the restriction on the availability of the affirmative defense for overlapping plans is adopted, we submit that the Commission should provide additional guidance as to the precise meaning of “overlapping plans.” Specifically, we request that the Commission clarify that entering into more than one plan at one point in time would not constitute “overlapping plans,” so long as the plans would not permit repurchases during the same time period. It is not unusual for companies, including HP, to simultaneously enter into several Rule 10b5-1 trading plans during an open window and for each trading plan to cover different time periods and to be managed by a different broker to ensure optimal trading execution. Given that the effective periods of each trading plan under such an approach are consecutive rather than concurrent (i.e., not truly overlapping), issuers, including HP, cannot selectively choose which plan to apply at any given point in time by canceling or terminating an undesirable plan. A clarification in this regard would avoid ambiguity and assure companies who utilize such an approach that their Rule 10b5-1 trading arrangements are not prohibited under the 10b5-1 Rule Proposal.

Repurchase Rule Proposal

Daily Reporting Imposes a High Burden

As currently drafted, the Repurchase Rule Proposal would impose a significant new burden on all issuers that engage in share repurchases. As noted previously, HP conducts share repurchases pursuant to Rule 10b5-1 trading plans, which also comply with the Exchange Act Rule 10b-18 safe harbor for issuer repurchases. Under these trading plans, we repurchase shares on nearly every trading day in a normal year. We believe that conducting repurchases in this manner is less disruptive to the market and less susceptible to both the risk of insider manipulation of the size and timing of repurchases and the risk of knowledge of any particular repurchase constituting MNPI. However, under the Repurchase Rule Proposal, HP and other issuers who seek to mitigate market impact in this manner would be subject to a perpetual daily filing obligation, which would impose a significant (and unnecessary) administrative burden.

HP’s daily share repurchases are executed by third-party brokers in accordance with the requirements of our Rule 10b5-1 plans and Rule 10b-18. These brokers execute trades on our behalf without prior consultation with us, and our personnel charged with monitoring share repurchases will usually only receive the final report of the trades after the fact. Daily Form SR reporting – particularly on the basis of executed, rather than settled, trades – would require us to

become more involved in managing disclosures from our brokers, including regarding the disclosure of executed versus settled trades. This would place a significant burden on HP and other issuers that repurchase shares on a daily basis, which we expect is common for issuers employing 10b5-1 plans.

The timeline for reporting under the Repurchase Rule Proposal compounds the burden placed on issuers. In particular, companies based on the West Coast, including HP, would be subject to an unreasonably early deadline, given the time difference. In contrast, those making filings on Form 4 are provided not only with two business days to report insider transactions that are significantly less frequent than those which would be reported under Form SR, but such filers are given until 10 p.m. Eastern Time to file.

Daily Reporting Would Present the Risk of Improper Use

In addition to imposing a significant administrative burden on issuers and brokers, any benefits that might accrue from such daily reporting would be captured not by retail investors but by a small number of sophisticated market participants who have the resources and incentive to process and interpret vast amounts of data, and could potentially use Form SR disclosures to reverse-engineer an issuer's Rule 10b5-1 trading plan parameters in an effort to develop an algorithmic trading program seeking to front-run issuer repurchases. Moreover, we do not believe that most market participants, including retail investors, would find the information provided with respect to daily share repurchases to be useful or helpful. Further, to the extent the identity of the broker executing a share repurchase plan for the issuer is known or can be ascertained based on these disclosures, other brokers and market professionals could seek to employ algorithms to ascertain the broker's proprietary trading program, thereby giving rise to competitive harm to the brokers who are executing trades for issuers. The increased administrative burden for issuers and negative unintended consequences of the daily Form SR reporting under the Repurchase Rule Proposal significantly outweigh the benefits to investors of providing this daily disclosure.

There is Minimal Risk of Insider Manipulation on Such a Granular Level

As detailed above, our share repurchase program, and the 10b5-1 plans through which it is largely implemented, are developed through an established process managed by our Treasury department, and the overall program is overseen by our Board of Directors. At the same time, the actual execution and settlement of the share repurchase program is conducted by a very small number of employees at HP. We do not share information regarding daily share repurchase activities broadly within our organization. Rather, the information is limited to a small number of individuals who are charged with receiving and reviewing reports from the broker executing trades on our behalf and approving payment for shares purchased under the program. With limited exceptions, quarterly data is the most granular information that is reviewed by our executives and

directors, as that presents more meaningful insights into how the share repurchase program is progressing over time.

As information regarding daily share repurchases is not widely dispersed throughout our organization and does not grant significant insight on its own regarding the progress of the share repurchase program, any risk of insider misconduct is minimal. As noted above, our repurchases are generally conducted pursuant to Rule 10b5-1 plans that comply with Rule 10b-18, which are executed by brokers and tracked by a very small group of our employees. The fact of daily repurchases does not provide any special insights to the insiders who approved the plan, nor are these daily repurchases subject to being manipulated by insiders. We believe that equivalent conditions prevail at many other issuers.

Enhanced Disclosure Under Item 703 or a Monthly Form SR Would Satisfy the Objectives of the Commission

We understand the goals of the Repurchase Rule Proposal to be: to provide investors with useful information; to prevent or identify insider manipulation of share repurchases; and to negate any information asymmetries. We believe that these objectives could be accomplished in a manner that is much less burdensome to issuers with fewer unintended consequences. Regarding repurchases such as those conducted by HP, we believe that more detailed quarterly data on repurchases could be presented in Form 10-Q and Form 10-K, which the Commission could implement by means of amendments to Item 703 of Regulation S-K. Such enhanced quarterly disclosures could present a more meaningful picture of the number of shares repurchased, the timing of repurchases and prices paid for shares over the quarter. This would also avoid the unintended effect of potentially allowing sophisticated firms to reverse-engineer Rule 10b5-1 or broker proprietary trading plans.


If the Commission determines that quarterly information is not sufficiently timely, we believe issuers could reasonably disclose share repurchase activity through the filing of a Form SR on a monthly basis, reporting the total number of shares repurchased, the price(s) paid, and other information that the Commission deems appropriate. If issuers comply with the safe harbor requirements of Rule 10b-18, we believe that information requirements could be appropriately scaled back, as such repurchases do not present the risk of market manipulation. To the extent trading details are required to be disclosed on a monthly or quarterly basis, such information could still be easily compared to trading activities reported by insiders on Form 4, thereby allowing for the detection of any insider manipulation or trading.

While we understand the Commission's objectives, we hope that the information we have provided presents a clearer picture of the potential downsides of the Proposed Rules, and we urge the Commission to adopt disclosure requirements that are less burdensome and pose less of a risk

with respect to unintended consequences, while still providing meaningful information to investors.

We thank the Commission and appreciate your consideration of our comments on the Proposed Rules.

Very truly yours,

A handwritten signature in black ink, appearing to read "Rick Hansen", is written over a solid horizontal line.

Rick Hansen
Deputy General Counsel, Corporate and
Corporate Secretary