



March 28, 2022

The Honorable Gary Gensler, Chair
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Share Repurchase Disclosure Modernization [Release Nos. 34-93783; IC-34440; File No. S7-21-21]

Dear Chair Gensler:

Guzman & Company respectfully objects to the *Share Repurchase Disclosure Modernization* [Release Nos. 34-93783; IC-34440; File No. S7-21-21] proposed rule in its current form. Guzman & Company is an investment bank and registered broker-dealer founded in 1987 and was the first Hispanic-owned NYSE member firm.

The firm has been advising and executing share repurchases for U.S. corporations for over 20 years. We have built a loyal clientele based on excellence of execution and outstanding results. Our share repurchase clients span all sectors and all sizes, and we have a long tenured experience of the share repurchase market environment as well as the corporate finance mechanics including trading strategy, execution, operations and compliance.

Since the publication of the proposed rule, we have discussed the direct implications with numerous corporate share repurchase participants and stakeholders. We believe that if implemented, daily reporting of repurchases on Form SR will harm American businesses, including both companies that repurchase shares and firms like Guzman & Company, while detriming both institutional and retail investors. The only beneficiaries will be fast trading firms that would take advantage of the new disclosures to front run both the sellers and buyers.

In addition to its main damage, the new rules would have the collateral damage of likely decreasing competition in the investment banking industry, shifting business away from smaller firms to large bulge bracket investment banks. This collateral effect would be driven by the [erroneous] perception that larger firms are better able to cope with the additional reporting requirements. While this concern is absolutely without basis in our case, it is a perception that may be common among risk-averse corporate treasuries. Multiple companies have told us that they believe larger institutions would be better equipped to 1) handle the additional compliance requirements and 2) better protect them from potential front-running trading that is likely to be created if their repurchase activity is reported daily.

According to data from S&P Dow Jones Indices, over 84% of S&P 500 companies repurchased shares in 2021, in addition to many other smaller companies. The proposed rule will increase reporting requirements for these companies and will lead to meaningful additional administrative and compliance costs.

Furthermore, the average professional or retail investor is unlikely to benefit from this rule. Daily disclosures are likely to encourage speculative trading surrounding reported activity. The casual investor may be inclined to trade on these "signals" which are more likely to be white noise. There is little to no benefit for the average investor to receive reporting of this detail of this magnitude. Only highly sophisticated, professional speculative traders might possibly benefit by front-running or trading around the disclosed repurchase activity of corporate buyers, which is not the intention of this rule.

Guzman & Company was founded over 30 years ago, was the first Hispanic-owned member of the NYSE, and like many other boutique investment banks with ownership from underrepresented communities, may lose a significant portion of our business to larger institutions. Firms like Guzman & Company take great pride in the value we provide to our corporate partners and rely more heavily on the income from share repurchases than do our bulge bracket competitors. This rule will decrease competition in the investment banking industry at the expense of smaller firms.

As an alternative, we suggest amending the rule to monthly or weekly disclosures. This will: 1) increase transparency into repurchase programs, as intended; 2) minimize the additional costs and loss of productivity for American companies; 3) reduce the risk of speculative trading surrounding daily repurchase disclosures; 4) maintain the competitive balance for smaller firms within the investment banking industry.

Sincerely,

Guzman & Company



Leopoldo Guzman
Chairman & CEO