

September 10, 2020

By email to shareholderproposals@sec.gov
U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

Re: Paylocity Holding Corporation — Potential Shareholder Proposal Submitted by Pro Cap NYC LLC

Ladies and Gentlemen:

I am writing on behalf of Paylocity Holding Corporation, a Delaware corporation (the “Company”) with respect to correspondence received by the Company from Pro Cap NYC LLC (“Pro Cap”). The Company does not believe the correspondence constitutes a shareholder proposal under Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Nevertheless, out of an abundance of caution and in the event that the correspondence may be viewed as a proposal under Rule 14a-8, the Company requests that, pursuant to Rule 14a-8(j) under the Exchange Act, the Staff of the Division of Corporate Finance (the “Staff”) of the Securities and Exchange Commission concur with our view that, for the reasons stated below, the Company may exclude the correspondence (the “Potential Proposal”), submitted by Pro Cap from proxy materials to be distributed by the Company in connection with its 2021 annual meeting of shareholders (the “2021 proxy materials”). The Company also requests a waiver of the 80-day filing requirement set forth in Rule 14a-8(j) for good cause.

In accordance with Staff Legal Bulletin No. 14D (November 7, 2008), this letter is being submitted by email to shareholderproposals@sec.gov. A copy of this letter also is being sent to Pro Cap as notice of the Company’s intent to omit the Potential Proposal from the Company’s 2021 proxy materials and the reasons for the exclusion.

THE POTENTIAL PROPOSAL

The Potential Proposal states:

“Declassification Revisited at Paylocity Holdings Corporation

I. The Central Question

Paylocity Holdings Corporation has instituted a ‘classified’ board as a defensive measure since at least 2014. **What threat to the Company has existed for over 6 years that justifies classification of the Board today?**

II. Evolving External Changes Severely Diminish the Justification for Classification

Three profoundly important external changes have evolved and coalesced since 1987 that serve to challenge the Company’s classified Board structure as a defensive measure. The oft-cited justification of “stability and continuity” is now assured by a variety of other ways that also do not reduce your accountability to the Company’s shareholders.

A. Institutional Investors’ codification of annual elections as a “Best Practice”

Institutional investors own over 69% of the Company’s shares.

The number of Issuers with classified Boards has been reduced to 36% of the issuers in the Russell 3000 Index. This figure has been declining in recent years by 7% annually. We point out that at least 451 of the S&P 500 companies do not feature classification as a defensive measure to counter a supposed threat to the Company that, by the way, does not appear in the Risk Factors sections of PCTY's Form 10-K.

Institutional Shareholder Services ('ISS'), the arbiter of "best practices," judges classified Board structures so poorly that the companies with such a governance structure have their overall Corporate Governance scores severely penalized. Action Step: Directors are able to ascertain from ISS just how much their total score would be improved by declassification. Please note that the Company's overall Corporate Governance quality score is 6 (a "C" grade) that is negatively impacted by its Shareholder Rights score of 8 (a "D" grade).

B. Demise of 'corporate raiders'

The practice of 'greenmail,' essentially, an unwholesome tactic of holding up companies to be bought out, was a phenomenon of the 1970's and early 1980's that helped to proliferate several defensive measures such as the 'poison pill'; super-majority voting; and classified Boards. That threat to the Company, however, was extinguished in 1987 when the IRS instituted a 50% excise tax on 'green-mail' profits.

C. Rise of Index Funds (Vanguard, BlackRock, State Street)

1. These Indexers typically hold more than 10% of each Issuer in the Russell 3000 Index **including the Company at 11%**. Having managed 36 proxy contests, I can state that due to very similar voting policies and practices, this level of concentration serves to make these permanent investors the 'swing vote' in a contested election. In effect, the Indexers function as though the Company had a classified Board - even better as per the example below.
2. These Funds habitually refrain from voting for dissident shareholders' alternative slates of director nominees - even for a single seat; never mind several seats; and only very rarely for a majority of Board seats. As such, they perform quite like a classified Board. The Indexers are true friends of 'stability and continuity.' Action Step: You might consider inviting a representative of Vanguard or BlackRock to discuss their approach to contested elections with the Board.

a Virtually Unanimous Institutional Support for Declassification

So far, the median institutional vote in 2020 FOR management supported declassifications is 98.4%.

Top Institutional Holders

Holder	Shares	Date Reported	% Cut	Value
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Vanguard Group, Inc. (The)	3,508,478	Mar 30, 2020	6.54%	309,868,776
Blackrock Inc.	2,876,132	Mar 30, 2020	5.36%	254,019,978
Wasatch Advisors Inc	2,461,070	Mar 30, 2020	4.58%	217,361,702

Adams Street Partners, LLC	1,738,428	Mar 30, 2020	3.24%	153,537,960
Franklin Resources, Inc.	1,031,090	Mar 30, 2020	1.92%	91,065,868
Times Square Capital Management, LLC	1,029,520	Mar 30, 2020	1.92%	90,927,206
Fred Alger Management, LLC	842,252	Mar 30, 2020	1.57%	74,387,696
Standard Life Aberdeen PLC	771,333	Mar 30, 2020	1.44%	68,124,130
Invesco Ltd.	720,353	Mar 30, 2020	1.34%	63,621,576

“Stability and Continuity”: Who Decides?

1. Directors who earn hundreds of thousands of dollars annually for a few meetings have a conflict of interest.
2. Highly sophisticated institutional investors with 300 to 400 positions face this issue multiple times a year; whereas a director on a board is unlikely to face this issue even once in 10 years of service.

The Potential Proposal was dated July 24, 2020, and received by the Company on August 13, 2020. A copy of Pro Cap’s correspondence, including the Potential Proposal, is attached hereto as Exhibit A. The Company responded to the Potential Proposal in a letter dated September 10, 2020, indicating that the Company would not be including the Potential Proposal in the 2021 proxy materials because the Potential Proposal was submitted after the deadline for shareholder proposals under Rule 14a-8. A copy of the Company’s response letter is attached hereto as Exhibit B. A prior letter dated April 29, 2020 from Pro Cap was received by the Company on May 20, 2020. The Company does not believe the prior correspondence constitutes a shareholder proposal under Rule 14a-8. A copy of Pro Cap’s prior letter is attached hereto as Exhibit C. The Company responded to this correspondence in a letter that was sent on May 29, 2020, stating that the Company considers stockholder communications in accordance with its policies and procedures and noting that Pro Cap’s letter did not indicate that Pro Cap intended to present a shareholder proposal. A copy of the Company’s response letter is attached hereto as Exhibit D.

BASIS FOR EXCLUSION

The Company believes the Potential Proposal may be excluded from the 2021 proxy materials pursuant to Rule 14a-8(e)(2) because the Potential Proposal was received at the Company’s principal executive offices after the deadline for submitting shareholder proposals to the Company.

ANALYSIS

- I. **Because the Proposal was received at the Company’s principal executive offices on August 13, 2020, approximately 48 days after the June 26, 2020 deadline to submit shareholder proposals, the Proposal may be excluded from the Company’s 2021 proxy materials under Rule 14a-8(e)(2).**

The Company may exclude the Potential Proposal under Rule 14a-8(e)(2) of the Exchange Act because the Company did not receive the Proposal at its principal executive offices before the deadline has passed for submitting shareholder proposals to the Company. Rule 14a-8(e) provides that a proposal submitted with respect to a company’s regularly scheduled annual meeting “must be received at the company’s principal executive offices not less than 120 calendar days before the date of the company’s proxy statement released to shareholders in connection with the previous year’s annual meeting.” In addition, Pro Cap did not include proof of ownership of the Company’s securities in accordance with the eligibility requirements under Rule 14a-8(b). Rule 14a-8(b)(1) requires that the a proponent “must have

continuously held at least \$2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date [the proponent] submit[s] the proposal." Pro Cap failed to deliver the proof of ownership of the Company's voting securities establishing its eligibility to submit the Potential Proposal using one of the two methods set forth in Rule 14a-8(b)(2) and did not state its intent to continue to hold the securities through the date of the 2021 annual meeting. Rule 14a-8(f) permits a company to exclude a shareholder proposal that does not comply with the rule's procedural requirements, including if a proponent fails to submit a proposal by a company's properly determined deadline.

The proxy statement for the Company's 2020 annual meeting was released to shareholders on October 25, 2019. In accordance with the 120-calendar day rule, the deadline for submitting shareholder proposals for inclusion in the 2021 proxy materials was determined to be June 26, 2020, and that date was specified in the proxy statement for the Company's 2020 annual meeting. Although the Potential Proposal is dated July 24, 2020, it was not received at the Company's principal executive offices until August 13, 2020, which is 48 days after the deadline.

The exception to Rule 14-8(e)(2) for meetings that have been changed by more than 30 days from the date of the prior year's meeting does not apply in this instance. The Company's 2020 annual meeting of shareholders was held on December 13, 2019, and the 2021 annual meeting is scheduled for December 3, 2020. Because the 2021 annual meeting has not been changed by more than 30 days from the date of the 2020 annual meeting, the June 26, 2020 deadline for shareholder proposals set forth in the Company's 2020 proxy statement remains effective.

The Staff has repeatedly concurred that a proposal may be excluded in its entirety under Rule 14a-8(e)(2) when it is received after the applicable deadline for submitting a shareholder proposal. See, e.g., *Caterpillar Inc.* (Apr. 4, 2019); *Comcast Corporation* (Apr. 4, 2019); *HollyFrontier Corporation* (Feb. 11, 2019); *DTE Energy Company* (Dec. 18, 2018); *Sprint Corporation* (Aug. 1, 2018); *PepsiCo Inc.* (Jan. 3, 2014); *Newell Rubbermaid Inc.* (Jan. 24, 2012). Consistent with this precedent, we believe the Potential Proposal may be properly excluded as untimely pursuant to Rule 14a-8(e)(2).

In accordance with Rule 14a-8(f)(1) and Section C.6.c of Staff Legal Bulletin No. 14 (July 12, 2001), the Company has not provided Pro Cap with notice of the Potential Proposal's deficiencies because these deficiencies cannot be remedied. As stated in Rule 14a-8(f)(1), "[a] company need not provide you such notice of a deficiency if the deficiency cannot be remedied, such as if you fail to submit a proposal by the company's properly determined deadline". Accordingly, the Company is not required to provide notice under Rule 14a-8(f)(1) in order for the Potential Proposal to be excluded under Rule 14a-8(e)(2).

The Company therefore requests that the Staff concur that the Potential Proposal may properly be excluded from the 2021 proxy materials because it was not received at the Company's principal executive offices within the timeframe required by Rule 14a-8(e)(2).

II. Because the Potential Proposal was not timely received by the Company prior to the deadline for submission of shareholder proposals, the Company respectfully requests that the Staff waive the 80-day filing requirement set forth in Rule 14a-8(j) for good cause.

The Company further requests that the Staff waive the 80-day filing requirement set forth in Rule 14a-8(j), which requires that, if a company "intends to exclude a proposal from its proxy materials, it must file its reasons with the Commission no later than 80 calendar days before it files its definite proxy statement and form of proxy with the Commission." However, Rule 14a-8(j)(1) allows the Staff, in its discretion, to permit a company to make its submission later than 80 days before the filing of its definitive proxy statement if the company demonstrates good cause for missing the deadline.

The Company plans to file its definitive proxy statement on or about October 22, 2020, which would result in a deadline of August 3, 2020 to submit its reasons for excluding the Potential Proposal. As stated



above, the Potential Proposal was received ten days after that filing deadline. The Staff has consistently found good cause to waive the 80-day requirement where the untimely submission of a proposal prevents a company from satisfying the 80-day provision. See Staff Legal Bulletin No. 14B (Sept. 15, 2004) (indicating that the "most common basis for the company's showing of good cause is that the proposal was not submitted timely and the company did not receive the proposal until after the 80-day deadline had passed"); see also *American Express Co.* (Mar. 14, 2014), *Sterling Financial Corp.* (Mar. 27, 2013), *Barnes & Noble Inc.* (June 3, 2008), *DTE Energy Co.* (Mar. 24, 2008), *Alcoa Inc.* (Feb 25, 2008), *General Electric Co.* (Mar. 7, 2006), and *General Electric Co.* (Feb. 10, 2005) (each waiving the 80-day requirement when the proposal was received by the company after the submission deadline).

Given the foregoing, the Company respectfully submits that it has good cause for its inability to meet the 80-day requirement, and the Company respectfully requests that the Staff waive the 80-day requirement with respect to this letter.

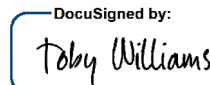
CONCLUSION

The Company believes the Potential Proposal may be omitted in its entirety from the Company's 2021 proxy materials pursuant to Rule 14a-8(e)(2) because the Pro Cap failed to timely submit the Potential Proposal. Additionally, the 80-calendar day requirement imposed by Rule 14a-8(j)(1) should be waived in this instance because the Potential Proposal was received ten days *after*, that filing deadline.

Accordingly, the Company respectfully requests the concurrence of the Staff that it will not recommend enforcement action against the Company if the Company excludes the Potential Proposal in its entirety from its 2021 proxy materials.

If you have any questions with respect to this matter, please contact me at 224-857-5590 or email me at twilliams@paylocity.com.

Sincerely,

DocuSigned by:

DF5082D7BE2E4B7...
Toby Williams
Chief Financial Officer

Paylocity Holding Corporation
1400 American Lane
Schaumburg, IL 60173
Tel: 224-857-5590
Email: twilliams@paylocity.com

cc: Herbert A. Denton
Pro Cap NYC LLC
1932 Madison Avenue, #1111
New York, NY 10029

EXHIBIT A

Correspondence and Potential Proposal

See attached.

Herbert A. Denton
Pro Cap NYC llc
1392 Madison Avenue #111
New York, NY 10029
bert@procapnyc.com

July 24, 2020

Mr. Steven I. Sarowitz
Chairman of the Board
Paylocity Holding Corporation
1400 American Lane
Schaumburg, IL 60173

Board Communication for Distribution

Dear Directors,

Re: Board Declassification at Paylocity Holding Corporation

We write, once again, to provide more detail, substance and customized specificity to our prior communications on the impropriety of maintaining a classified Board. We respectfully request that the Board put declassification on the ballot of Paylocity Holding Corporation's ("PCTY" or the "Company") up-coming Annual Meeting of Shareholders. This will not only provide significant value to the shareholders, but will also remove a restrictive defensive measure that is unjustified under the present circumstances. As an initial matter, to address any question you might have, we have been and are a shareholder of PCTY.

Our enclosed position paper contains valuable information and analysis relating to whether there can be any justification for a staggered board at PCTY as well as common sense action steps to help you fulfill your fiduciary duties. Should you conclude that a need exists for PCTY to have a staggered Board, we shall appreciate if you would identify for us the 'perceived threat to the Company' that you believe supports and justifies burdening PCTY and its shareholders with this stricture that diminishes shareholder value.

Absent any such justification, you have an excellent opportunity to remove PCTY's classification consistent with your fiduciary duties.

Our previous efforts at establishing a dialog with you on this topic have not generated a substantive response. We hope that is the result of an oversight in these challenging times and we request that we at least receive the courtesy of a response.

We thank you in advance for your response.

Sincerely,



Herbert A. Denton
bert@procapnyc.com

Declassification Revisited at Paylocity Holdings Corporation

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Herbert Denton
1392 Madison Ave
New York, NY 10024



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Mr. Steven I. Sarowitz
Chairman of the Board
Popcity Holding Corporation
1400 American Lane
Schmumburg, IL 60173

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EXHIBIT B

Response to Correspondence and Potential Proposal

See attached.



September 10, 2020

BY COURIER

Pro Cap NYC IIc
1392 Madison Avenue, #111
New York, NY 10029
Attn: Mr. Herbert Denton

Re: Notification of Deficiency under Rule 14a-8

Dear Mr. Denton:

This letter is to inform you that Paylocity received your letter dated July 24, 2020 on August 13, 2020. We note that your letter requests that we include certain correspondence you included in your letter in our proxy materials for the next annual meeting of shareholders to be held on December 3, 2020 (the "2021 Meeting").

We will not be including your correspondence in our proxy materials for the 2021 Meeting since, among other reasons, your correspondence was not submitted within the time period required for shareholder proposals under Rule 14a-8 under the Securities Exchange Act of 1934. This year's deadline for requests under Rule 14a-8 was June 26, 2020. Further to the applicable rules, we have attached a copy of Paylocity's request for no-action relief to the staff of the Securities and Exchange Commission.

Paylocity's Board of Directors values engagement with its stockholders and continues to consider stockholder communications in accordance with its policies and procedures.

Sincerely,

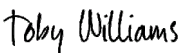
DocuSigned by:

DE5082D7BE2E4B7...
Toby Williams
Chief Financial Officer

EXHIBIT C

Prior Correspondence

See attached.

Mr. Herbert A. Denton
Managing Partner
Pro Cap NYC IIc
1392 Madison Avenue #111
New York, NY 10029

Wednesday April 29th, 2020

Mr. Jeffrey T. Diehl
Paylocity Holding Corp.
Board of Directors of Paylocity Holding Corporation
c/o Corporate Secretary
1400 American Lane
Schaumburg, Illinois 60173

re: Corporate Governance & Board Declassification

BOARD COMMUNICATION FOR DISTRIBUTION

Dear Directors,

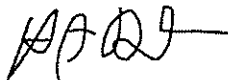
Biting the Hands that Elected You?

Our series of letters offering several new and compelling rationales to declassify were not persuasive. Accordingly, as previously indicated, we will take action until such time as the Board places a de-classification vote on the ballot. We will:

- a. Vote AGAINST the director nominees and seek to deny them the required vote to be re-elected.
- b. Inform the Company's top nine shareholders of our pending action. Please see the 97% median votes to de-classify so far in 2020. Thus, the Company's director nominees, opposing the overwhelming will of its shareholders, risk not remaining as a directors.

Finally, please note that, upon a successful de-classification vote, we will deem our effort as having conferred a 'corporate benefit' and act accordingly.

Stay safe. Stay strong.



Herbert A. Denton
P.S. Kindly acknowledge this communication (bert@procapnyc.com)

EXHIBIT D

Response to Prior Correspondence

See attached.

May 29, 2020

Via: Certified Mail

Pro Cap NYC llc
1392 Madison Avenue, #111
New York, NY 10029
Attn: Mr. Herbert Denton

Re: Letter dated April 29th, 2020

Mr. Denton:

This letter is to inform you that Paylocity received your letter dated April 29th, 2020 on May 20, 2020. We note that despite your suggestion in the April 29th letter, Paylocity has no record of any “series of letters” or other prior communication, verbal or in writing, from Pro Cap NYC llc or any representative thereof.

Although your letter does not demonstrate that you are a Paylocity stockholder or indicate that you intend to present a proposal at Paylocity’s next regularly scheduled Annual Meeting of Stockholders, Paylocity’s Board of Directors values engagement with its stockholders and considers stockholder communications in accordance with its policies and procedures.

Sincerely,



Susan Jacobson
General Counsel