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Via E-mail to rule-comments@sec.gov

Elizabeth M. Murphy, Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

RE: NYSE Euronext Petition for Rulemaking Under Section 13(f) of the Securities Exchange Act of 1934 (File No. 4-659)

Dear Ms. Murphy:

OFI Global Asset Management, Inc. ("OppenheimerFunds") [1] appreciates the opportunity to express its views to the Securities and Exchange Commission ("Commission") on the petition for rulemaking under Section 13(f) of the Securities Exchange Act of 1934 ("Exchange Act") that was submitted to the Commission on February 1, 2013 by NYSE Euronext ("NYSE"), along with the Society of Corporate Secretaries and Governance Professionals and the National Investor Relations Institute (the "NYSE Petition"). We strongly oppose the NYSE Petition's proposed shortening of the reporting deadline applicable to institutional investment managers under Exchange Act Rule 13f-1 from 45 calendar days after calendar quarter end to two business days after calendar quarter end. A shorter delay for release of this information could expand the opportunities for predatory trading practices that harm the interests of mutual fund shareholders and investors in other pooled investment vehicles.

OppenheimerFund's mutual funds invest in thousands of issuers to seek to provide long-term investment returns for fund shareholders. We are concerned that the release of information contained in Form 13F reports on a mere two-day delay provides opportunities for hedge funds, speculators, proprietary trading desks, and certain other professional traders to exploit the information in ways that are harmful to fund shareholders, particularly by "front running" or "free riding" trades by advisors for mutual funds and other pooled investment vehicles. If multiple days are required to move into or out of a position, a two-day delay could invite speculators to front-run or free ride a fund's block trades in the middle of a trading strategy and receive *gratis* the intellectual property (investment advice and analysis) that Fund shareholders are paying for under Fund advisory agreements with OppenheimerFunds, and

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[1] OFI Global Asset Management, Inc., a wholly owned subsidiary of OppenheimerFunds, Inc. ("OFI"), is a registered investment adviser, providing investment management and transfer agent services to nearly 100 registered investment companies. OFI with its subsidiaries has more than $215 billion in assets under management and has been in the investment advisory business since 1960.

other investors are paying for under their advisory agreements with its advisory subsidiaries. Permitting sophisticated professional traders to profit *gratis* at the expense of less sophisticated, paying retail Fund shareholders is not in the best interests of investors or our capital markets. Front running and free riding is especially detrimental for managers, such as OppenheimerFunds, that build or reduce their positions over time. These trading practices allow speculators and other professional traders to benefit unfairly from the extensive proprietary research, analysis and investment services that we provide to our mutual funds and other pooled investment vehicles that pay us advisory fees solely because our Form 13F data would be readily available to such speculators and other professional traders at no cost to them. Neither the U.S. securities regulatory regime nor Form 13F was structured to permit such an inequitable result.

The Commission has long recognized that too frequent portfolio holdings disclosure has the potential, in certain portfolio management settings, to harm mutual fund investors. In February 2004, the Commission adopted a requirement that investment companies disclose their full portfolio holdings quarterly with a 60-day delay, stating:

> [S]ome commenters, including individual investors and investor advocacy groups, suggested that portfolio disclosures be required even more frequently, such as monthly, or that the proposed delay for filing the quarterly disclosure be shortened to 30 days … We have determined to adopt the proposed requirement for quarterly disclosure of portfolio holdings with a 60-day delay. We are not requiring more frequent portfolio disclosure, or a shorter delay, because we take seriously concerns that frequent portfolio holdings disclosure and/or a shorter delay for the release of this information may expand the opportunities for predatory trading practices that harm fund shareholders.[2]

We submit that the NYSE Petition's proposed two-day reporting period is not in the public interest because it creates exploitation opportunities for short-term traders at the expense of long-term investors, including mutual fund shareholders. Professional traders often consider front running and/or free-riding potentially valuable strategies. We are aware of services that seek to capitalize on holdings information for this purpose, selling stock selections to subscribers based on the service's analysis of what mutual funds and other institutional investors are buying at the moment. If current holdings information becomes available via Form 13 reports filed on EDGAR two days after the end of the reporting period, other investors could unfairly capitalize on investment ideas of other investment managers by "cherry picking" ideas from the best-performing firms, or by replicating their trading strategies without paying any fee. This front running and free riding would misappropriate managers' intellectual capital and investment decision making to the detriment of our paying investor clients.

We are primarily concerned about the investment management implications of the NYSE Petition. However, we also believe that a two-day Form 13F reporting requirement

[2] *Shareholder Reports and Quarterly Portfolio Disclosure of Registered Management Investment Companies*, Investment Company Act Release No. 26372 (Feb. 27, 2004) (emphasis added).

could create undue operational and other burdens for fund managers. The Commission has recognized that a reporting system such as the one governed by Section 13(f) can involve significant costs to institutional investors, as well as unforeseen complications.[3] Moreover, two business days may not allow sufficient time to aggregate, verify, and file the information required by Form 13F. It would not be sufficient time to document a request for confidentiality – or for the Commission's staff to act on the expected increase in requests for confidential treatment.

As the Commission is aware, the number and frequency of public and regulatory filings requirements on investment companies and their investment managers has increased since the implementation of Rule 13f-1. Many of these filings include the types of data included in Form 13F data. For example, investment company portfolio holdings are reported to the shareholders of those investment companies with a 60-day delay. Investment companies are required to file annual and semi-annual reports and related information on Form N-CSR and Form N-SAR after their second and fourth fiscal quarters on a 60-day delay and mail annual and semi-annual reports to shareholders, complete portfolio holdings on Form N-Q after their first and third fiscal quarters with a 60-day delay; and file proxy voting results on Form N-PX on an annual basis and post that information on their web sites. Money market funds are required to make all of these filings and also to file Form N-MFP on a monthly basis with a 60-day delay. Accordingly, Commission adoption of the NYSE Petition would have the perverse result of requiring that Form 13F reports disclose Fund portfolio holdings before such holdings are disclosed directly to paying investment company shareholders.

The reporting system required by Section 13(f) was intended to "improve the body of factual data available and thus facilitate consideration of the influence and impact of institutional investment managers on the securities markets and the public policy implications of that influence."[5] For the reasons discussed above, we oppose the proposed shortening of the quarterly reporting deadline under Rule 13f-1. However, we would support the Commission undertaking a thoughtful and comprehensive review of the Section 13(f) reporting and filing requirements for mutual funds at the appropriate time.

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[3] *Filing and Reporting Requirements Relating to Institutional Investment Managers,* Exchange Act Release No. 14582 (June 15, 1978) ("1978 Adopting Release").

We appreciate the opportunity to provide comments on this important issue. We also wish to express our concurrence with the comments submitted on the petition by the Investment Company Institute, by letter of its General Counsel dated April 30, 2013.

Respectfully submitted,

/s/ Ari Gabinet
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Executive Vice President &
General Counsel

/s/ Arthur Steinmetz
Arthur Steinmetz
President & Chief
Investment Officer

cc: John Ramsay, Acting Director
Division of Trading and Markets

Keith F. Higgins, Director
Division of Corporation Finance

Norm Champ, Director
Division of Investment Management
U.S. Securities and Exchange Commission