



TECHNET
THE VOICE OF THE
INNOVATION ECONOMY

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December 18, 2020

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

Dear Ms. Countryman:

TechNet appreciates the opportunity to provide support for a petition for rulemaking on COVID-19-related litigation submitted by the Chamber of Commerce of the United States (the Chamber) on November 2, 2020 (File No. 4-766). TechNet members responded immediately to the national emergency caused by the novel coronavirus (COVID-19) and have adapted throughout the year to meet the unique, challenging, and critical needs of the moment and support the public health system and the American economy. However, we are concerned that, despite their efforts, our members are vulnerable to securities class actions, with the pandemic serving as the basis for such litigation. We lend our support to the Chamber's request to the Commission to promulgate rules that would provide reasonable limits on securities litigation arising out of the COVID-19 pandemic.

TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. Our diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents over three million employees and countless customers in the fields of information technology, e-commerce, the sharing and gig economies, advanced energy, cybersecurity, venture capital, and finance.

As the Chamber notes in its petition, securities litigation was already increasing prior to the pandemic, rising in part due to an increasing trend of disaster or event-driven claims. Unlike traditional securities lawsuits that are brought after careful study of potential, particular fraud, event-driven claims seem based, as some experts describe, on the tenuous theory that the occurrence or the event upon which the case is based was the materialization of an under-disclosed or downplayed risk. The problem, as these experts say, with this type of securities

litigation is that “just because something bad happened does not mean that the company or its directors and officers committed fraud.”¹

The COVID-19 pandemic has been viewed by some as an event or opportunity to bring such event-driven securities claims against American companies. We find this practice to be troubling. TechNet members responded to the pandemic immediately, by producing personal protective equipment and ventilators; helping scientists to discover drug treatments and research vaccines; reducing barriers to telework options; connecting students and teachers; delivering food; providing emergency transportation; and facilitating contact tracing. While facing unprecedented uncertainty and immense pressure, our members have adapted aspects of their businesses in good faith while maintaining their commitments to investors, employees, and consumers. Even still, our members continue to confront new, unexpected challenges daily resulting from the unpredictable nature and effects of the novel coronavirus.

We thank the Commission for its efforts to provide guidance to our members such as providing appropriate disclosures related to COVID-19. However, we support the Chamber’s petition urging the Commission to provide additional guidance and safe harbors for firms so as to prevent frivolous, event-driven lawsuits that are based on the circumstances of the coronavirus. Specifically, we support recommendations provided in Section D of the Chamber’s petition. Such rules would provide clarity to U.S. companies of all sizes during this extraordinary time.

Thank you for your kind consideration of TechNet’s views on this matter.

Sincerely,



Linda Moore
TechNet President and CEO

¹ Jeffery A. Dailey & Neal Ross Marder, *The Rise in Event-Driven Securities Litigation: Why It Matters to Directors and Officers*, Willis Towers Watson (Nov. 12, 2018), <https://www.willistowerswatson.com/en-US/Insights/2018/11/finex-observer-rise-in-event-driven-securities-litigation>