

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090
United States
www.sec.gov

Chris Barnard

17 April 2015

- **17 CFR Parts 229 and 240**
- **Release No. 33-9723; 34-74232; IC-31450**
- **File No. S7-01-15**
- **Disclosure of Hedging by Employees, Officers and Directors**

Dear Sir.

Thank you for giving us the opportunity to comment on your Proposed rule on Disclosure of Hedging by Employees, Officers and Directors.

You are proposing amendments to your rules to implement Section 955 of the Dodd-Frank Wall Street Reform and Consumer Protection Act,¹ which requires annual meeting proxy statement disclosure of whether employees or members of the board of directors are permitted to engage in transactions to hedge or offset any decrease in the market value of equity securities granted to the employee or board member as compensation, or held directly or indirectly by the employee or board member. The proposed disclosure would be required in a proxy statement or information statement relating to an election of directors, whether by vote of security holders at a meeting or an action authorized by written consent.

When employees or directors hedge their holdings in their company's equity, this can have an effect on their incentives to improve shareholder value, as hedged equity exposures do not reflect the economic exposure to actual equity performance. Therefore the information contained in proxy statements on executive officers' and directors' reported equity holdings may not be sufficient for investors to understand fully the executive officers' and directors'

¹ Section 955 specifically refers to the purchase of "financial instruments (including prepaid variable forward contracts, equity swaps, collars, and exchange funds) that are designed to hedge or offset any decrease in the market value of equity securities". These proposals sensibly expand this scope to cover all transactions with comparable economic consequences to the specified financial instruments. This will provide more complete disclosure and is also in line with legislative intent here. See Senate Report 111-176, available at: <https://www.congress.gov/111/crpt/srpt176/CRPT-111srpt176.pdf>

Please note that the comments expressed herein are solely my personal views

incentives to improve shareholder value. I therefore support the proposals, which will improve transparency and help investors to clearly understand employees' and directors' incentives to improve shareholder value.

The proposed new Instruction 6 added to Item 402(b) states that: "If the information disclosed pursuant to Item 407(i) would satisfy the registrant hedging policy disclosure requirements of paragraph (b)(2)(xiii) of this Item, a registrant may satisfy this Item in its proxy or information statement by referring to the information disclosed pursuant to Item 407(i)." This is a very sensible and proportionate approach, which should reduce compliance costs here and lead to streamlined disclosure under Item 402(b) and proposed Item 407(i).

Yours faithfully

C.R.B.

Chris Barnard