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April 11, 2022

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

Re: **Modernization of Beneficial Ownership Reporting (File No. S7-06-22)**

Dear Ms. Countryman:

Thank you for this opportunity to comment on the proposed changes to the rules that govern beneficial ownership reporting on Schedules 13D and 13G (the “Proposals”). As currently drafted, we are concerned that the proposed changes that expand the current definition of “group” within the Proposals would chill constructive engagement between the asset management industry and issuers, including on environmental, social, and governance (“ESG”) matters. We believe that the negative effect of the proposed broad definition of group and the ambiguities created by the required “facts and circumstances” analysis would limit the willingness of fiduciaries like us to effect positive change that engagement, including engagement on ESG issues, brings as well as the benefits to improved issuer management and practices that lead to increased shareholder value.

Founded in 1939, Neuberger Berman is a private, 100% independent, employee-owned investment manager. From offices in 35 cities worldwide, the firm manages approximately \$460 billion in a range of strategies — including equity, fixed income, quantitative and multi-asset class, private equity, real estate and hedge funds — on behalf of institutions, advisors and individual investors globally. With more than 600 investment professionals and approximately 2,200 employees in total, Neuberger Berman has built a diverse team of individuals united in their commitment to delivering compelling investment results for our clients over the long term. That commitment includes, for many of our clients, active consideration of ESG factors into the investment process. Neuberger Berman has sought to be a leader in constructive engagement on ESG matters and is one of the largest firms recognized for its role in ESG by its inclusion on the Principles for Responsible Investment (“PRI”) Leaders Group.

Since the inception of the firm, Neuberger Berman has remained singularly focused on delivering attractive investment results for our clients over the long term. As an active manager, we believe that material ESG factors are important drivers of long-term investment returns from both an opportunity and a risk-mitigation perspective. Therefore, we take a comprehensive approach

toward managing client assets, including the integration of ESG criteria into our investment processes.

As part of that investment process, Neuberger Berman engages with issuers including through meetings with company management and boards of directors. During those meetings, Neuberger Berman encourages issuers to consider ESG factors, which may include taking environmental factors into account or promoting greater diversity within management or on the board of directors. Neuberger Berman has also taken the step of publishing its proxy vote intentions in advance of select shareholder meetings, with a focus on companies where our clients have significant economic exposure. Through our NB Votes initiative, we share publicly our views on a broad range of topics across our nine key governance and engagement principles, enabling us to share our broad analysis and insights. Our engagement has resulted not only in more responsible behavior by issuers, but increased shareholder value through improved management and practices. We believe investors would benefit if more firms in the investment management industry engaged in similar efforts.

In the current proposal, the requirement for a more formal agreement between or among members to form a group under Section 13 would be removed and replaced by a “facts and circumstances” test. Neuberger Berman recognizes that the Staff is attempting to protect constructive efforts to engage issuers with the proposed addition of Rule 13d-6(c), which excludes from the definition of a “group” two or more persons who do not communicate with other shareholders with the purpose of changing or influencing control of an issuer and those persons are not obligated to take any actions with respect to changing or influencing control of the issuer.

As an active manager Neuberger Berman frequently engages with companies on a variety of topics. We believe engagement by active managers (as opposed to managers that employ passive investment strategies) is not only consistent with our fiduciary duty to our clients but is a critical tool that active managers should employ to hold companies accountable to their shareholders, thereby benefiting all investors. We are concerned that the ambiguities created by the Proposals and the inherent reliance on a “facts and circumstances” test could have an unintended chilling effect on investor engagement. As part of its core mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation, we believe that the SEC’s mission should include also facilitating active engagement by fiduciary managers without creating new regulatory challenges that could inhibit the willingness of active managers to engage with issuers for the best interests of their clients.

The Proposals should be clarified to ensure that when an asset manager makes efforts to engage an issuer, or shares its analysis or belief on ways an issuer can enhance its value, policies or practices, with any third party, including the manager’s clients, that the manager would not be required to combine its holdings for Section 13 purposes with a potentially unknowable group of parties, even though the asset manager was unaware of the efforts or trading by those third parties. We believe that it is not the Commission’s intention to inhibit active managers like us to continue to be engaged actively with the issuers in which we invest. But we fear that without further clarification, asset managers might avoid active engagement with issuers, or reduce meaningful interaction with clients, to avoid the potential Section 13 filing obligations that the Proposals would require. That unintended and unfavorable reduced interaction would threaten much of the progress that has been made with respect to, for example, ESG matters over the past few years by silencing the asset management industry through the threat of being considered a group with third parties, including other asset managers, who have also engaged in those efforts.

We welcome the opportunity to share our views and welcome further dialogue with the SEC on this important matter.

Very truly yours,

A handwritten signature in black ink, reading "Joseph V. Amato". The signature is written in a cursive style with a large initial 'J' and a prominent 'V'.

Joseph V. Amato
President and Chief Investment Officer, Equities