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April 12, 2022

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-0609

Re: File No. S7-06-22, Modernization of Beneficial Ownership Reporting

Dear Ms. Countryman:

Nasdaq, Inc. ("Nasdaq")[1] appreciates the opportunity to comment on the Commission's proposed amendments to rules governing beneficial ownership reporting under Exchange Act Sections 13(d) and 13(g).[2] The proposed amendments would update those rules to improve transparency and provide more timely information for shareholders and the financial markets. We commend the Commission for its ongoing, comprehensive evaluation of capital formation in the U.S. and the current proposal to modernize the beneficial ownership reporting requirements.

Nasdaq is responding to this proposal in our role as a listing venue for issuers and their investors. We operate The Nasdaq Stock Market, which is home to over 4,000 listings that drive the global economy and provide investment opportunities for investors. Our listed companies reach across all sectors and include the five largest U.S. public companies, thousands of small companies, as well as mature, well-established companies that have recently launched IPOs.

We receive valuable feedback from our listed companies and their investors about issues that are important to them. While these companies may have different perspectives on many issues, one topic regularly raised by them is a concern about the regulatory framework applicable to public companies, and particularly the disclosure regime through which they must identify and communicate with shareholders and other stakeholders. As explained below, we believe the Commission's proposal is an important step to continue to address this concern.

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1 Nasdaq (Nasdaq: NDAQ) is a global technology company serving the capital markets and other industries. Our diverse offering of data, analytics, software and services enables clients to optimize and execute their business vision with confidence. To learn more about the company, technology solutions and career opportunities, visit us on LinkedIn, on Twitter @Nasdaq, or at www.nasdaq.com.

2 Modernization of Beneficial Ownership Reporting, Securities Exchange Act Release No. 33-10649 (February 10, 2022), 87 FR 13846 (March 10, 2022) (the "Proposal").

The Proposal

To address concerns that the current deadlines for Schedule 13D and Schedule 13G filings are creating information asymmetries in today's market, the Commission is proposing to accelerate the initial and subsequent deadlines for filing Schedules 13D and 13G, as described in more details in the Proposal. The proposed amendments also would deem holders of certain cash-settled derivative securities as beneficial owners of the reference equity securities and clarify the disclosure requirements of Schedule 13D with respect to derivative securities. In addition, the proposed amendments would clarify and affirm the operation of the regulation as applied to two or more persons that form a group under the Securities Exchange Act of 1934, and provide new exemptions to permit such persons to communicate and consult with each other, jointly engage issuers and execute certain transactions without being subject to regulation as a group.

Analysis of the Proposal

A deadline to report beneficial ownership by an investor who beneficially owns more than 5 percent of a covered class of equity securities is designed to strike a balance between the need to provide material information to existing shareholders and prospective investors and the importance of preserving the governance benefits associated with investors engaging in change of control transactions. Nasdaq believes that the Proposal maintains that balance while increasing transparency and reducing information asymmetries to help market participants make informed decisions. In this way, the SEC's proposal to modernize beneficial ownership reporting would yield benefits to both issuers and investors.

I. Issuers

First, the proposal would benefit issuers by enabling them to identify large shareholders sooner and engage with them to elicit information and ideas. As stewards of shareholder capital, it is important for companies and their directors to have an open line of communication with all shareholders, but, in particular, with large institutional shareholders. Engaging directly with such shareholders provides an opportunity to receive an unfettered view on the company's governance and is an approach that requires an ongoing dialogue with shareholders designed to endure for the long term. Large institutional investors are focused on financial and strategic matters in engagement. As noted in BlackRock's "Investment Stewardship Annual Report," BlackRock "take[s] each engagement as an opportunity to share with companies [their] expectations of directors and boards."[3] Communication with investors no longer takes place solely within the bounds of the proxy season. Companies are increasingly proactively engaging with shareholders during the off-season, which allows companies to establish a foundation for communications with shareholders.

In that regard, some capital market participants may engage in campaigns to aggressively target and challenge a board's long-term strategies. A trend to focus on short-term results has serious implications for the economy and for society at-large. Deferred or cancelled R&D projects due to short-term pressures curtail innovation and discovery, which can lead to long-term challenges to U.S. competitiveness, as well as a postponement of life-saving and quality of life-improving medicines and technologies reaching the market. The proposed rule would help directors to discharge their fiduciary duties, deter stealth accumulations of controlling blocks of securities and respond to an unsolicited takeover bid, if any, as they see appropriate.

[3] BlackRock 2020 Investment Stewardship Annual Report.

II. Investors

In addition to benefitting issuers, the proposal will benefit investors by providing them with earlier access to market-moving information, such as the accumulation of a significant equity stake. The markets rely on the expectation that material information is disseminated promptly and widely, particularly given the impact of the internet and easy access to online information. Information contained in unnecessarily delayed 13D or 13G filings is clearly important for informing investors and the market regarding the value and potential control of the affected company. The proposed rule would expedite disclosure of potential acquisitions of control and influence so that investors have equal access to this material information when trading in affected securities.

Conclusion

For these reasons, Nasdaq supports the Commission's proposed amendments to rules governing beneficial ownership reporting. Thank you for your consideration of our comments. Please feel free to contact me with any questions.

Sincerely yours,

Jeffrey S. Davis