Badger Meter

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August 21, 2020

Vanessa A. Countryman
Securities & Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: Reporting Threshold for Institutional Investment Managers, File No. S7-08-20

Dear Ms. Countryman,

On behalf of Badger Meter, Inc, (NYSE: BMI) I am writing to express our opposition to the Commission's proposed amendments to the Form 13F reporting rules for institutional investment managers.

We believe that the SEC's proposal, which would allow nearly 90% of current 13F filers to avoid reporting, would add considerably to the current lack of transparency associated with the proliferation of dark pools, algorithmic and high-frequency trading, and the 45-day lag with current 13F filing requirements. The proposed rule, if enacted, would impair engagement with shareholders, impede our ability to attract new long-term investors, and deprive us of timely information about potential activist hedge fund stakes in our company.

13F filings are the only accurate source of ownership information available to our company. While 13F data is not as timely as we would like, it is the only snapshot of data that we have that shows which "street name" investors are buying or selling our shares each quarter. This information cannot be replaced by hiring stock surveillance firms, at a sizable fee, which themselves rely on quarterly 13F data as a starting point for the research efforts.

While the proposal cites as a benefit the reduced burden for smaller asset managers, the reality is that technology advancements in the years since the 13F rule was put in place make it markedly easier and have lessened the burden to the point it would not be unreasonable for these firms to report daily if not hourly positions.

We do not believe that the Commission has adequately considered the potential impact of this proposal to our company and our obligation to regularly dialogue with our investors throughout the year. As a <$2 billion market cap company, we are particularly concerned with how the reduction in transparency would impair our ability to identify our most active shareholders and engage effectively with them. While some of our largest investors would continue to disclose shares held, many of those institutions are passive, indexed holders with positions that do not change appreciably each quarter. For our company, and many others, it is the 13F data from the active investment managers and hedge funds under the proposed $3.5 billion threshold that is of most value.

Reduced Engagement Due to Lack of Transparency
Our company uses 13F data to allocate the limited time of our senior executives among the many requests that we received from investors for call and meetings. We cannot possibly say yes to every investor request, so we attempt to give priority to not only our largest investors, but also to those shareholders with smaller positions who are interested in increasing their holdings. With this proposal, we would not have visibility into this important subset of investors.

Negative Impact on Capital Formation
The loss of 13F data would also impede our company's ability to attract new long-term institutional investors. Like many other issuers, we utilize 13F information to identify potential shareholders (such as those who have invested in similar companies) and to measure the effectiveness of our outreach efforts to prospective investors. Both of these practices are essential for our company to effectively access the capital markets. Under the proposed threshold, the loss of transparency of who is holding, as well as buying/selling our shares each quarter, would hinder the ability of our company to continue to compete for and raise growth capital.

Increased Risk of Activism
The Commission's proposal to significantly reduce 13F disclosures and thus transparency, is at odds with recent request by the SEC that public companies "provide as much information as is practical" to investors amid market uncertainty caused by the global COVID-19 pandemic. Just as there is a need for greater transparency on our part to investors, our need for ownership data is even greater during these uncertain times, when market volatility is high. Activist investors could take advantage of that volatility, using the increased lack of transparency for their benefit and not that of long-term shareholders. The loss of 13F data under the proposed rule potentially exposes our company to a greater risk of "ambush" activism by short-term oriented fund managers who may demand we eliminate jobs, reduce R&D funding, increase share repurchases or other measure not in the best interest of long-term shareholders.

For the foregoing reasons, we request that the Commission withdraw its proposed 13F amendments and instead pursue the reforms detailed in the rulemaking petitions submitted by the National Investor Relations Institute, the NYSE, the Society for Corporate Governance and NASDAQ. Rather than reduce 13F transparency, we urge the SEC to promote more timely and complete disclosure by supporting monthly reporting, requiring public disclosure of short positions, and shortening the current 45-day reporting period.

Regards,

Karen Bauer

Karen Bauer
Vice President - Investor Relations, Corporate Strategy & Treasurer