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

Re: Reporting Threshold for Institutional Investment Managers, Release No. 34-89290; File No. S7-08-20

As an Investor Relations professional with more than 25 years of experience, I am concerned about the Commission's proposed amendments to Form 13F reporting rules. Based on my experience at small- and mega-cap publicly traded companies in industries ranging from consumer brands to industrial materials, I believe these proposed amendments, if enacted, would be detrimental to public companies and the effectiveness of the public capital markets.

The proposed amendments would raise the asset reporting threshold for institutional investors to $3.5 billion from the current $100 million threshold. This change would result in more than 4,500 institutions – nearly 89% of total current filers – becoming exempt from filing 13F reports detailing their stock positions. 13F filings are the only accurate source of investor ownership data for publicly traded companies. Accordingly, reducing the number of filers would significantly limit a public company's ability to know and understand its investor base.

Knowing and understanding *who owns what* is key to helping companies align management and shareholder interests. Such knowledge helps public companies allocate management time among significant and influential investors and promotes mutual understanding of company/investor interests and objectives. Knowing *who owns what* also helps companies identify and attract potential new investors, which assists in the capital raising process. Conversely, not knowing their investor base leaves companies vulnerable to being blindsided by activist investor campaigns and potentially pressured to pursue strategies not in the best long-term interests of the company and its other stakeholders.

Additionally, under the proposed rule changes, only institutional investors with greater than $3.5 billion of assets under management will continue to file 13F reports. The vast majority of these institutions are passive investors, meaning their investing strategy is designed to track an index (however that index may be defined). In effect, these institutions own a market-capitalization weighted interest in the companies comprising that index and rebalance their portfolio on auto-pilot.

There is no picking or choosing of individual stocks based on company strategy or business fundamentals.

A consequence of this is it facilitates the big getting bigger as investment capital flows to the larger companies that belong to an index. Indeed, since 1997, we've seen the average market capitalization of public companies increase, while the number of public small-cap companies has dropped dramatically[1]. Small-cap companies as well as young, high-growth potential companies seeing this concentration of ownership in index-member companies and without knowledge of the broad spectrum of institutional investors derived from robust 13F reporting may conclude that the public markets are not a place for them. Instead, they may increasingly look to private equity for capital, which puts the vibrancy of the public markets at risk.

Finally, in a world where massive amounts of data are collected, stored and analyzed, where stocks are traded in microseconds and communications are near-instantaneous, the rationale for raising the 13F reporting threshold appears, at best, disconnected from reality. Especially when compared with the extensive level of disclosure required by public companies, 13F reporting by institutional investors in no way appears onerous. If anything, it would seem appropriate to accelerate the deadline for 13F reporting to something less than the current 45 days after quarter end.

To wrap up, I would like to recall the SEC's conclusion from its report to Congress in the early 1970s:

> *"The past and likely future growth of institutional investors in the equity markets, makes the collection of timely information about institutional holdings and activity in securities essential for an agency responsible for the administration of the federal securities laws . . .The importance of a regularized, uniform, and comprehensive scheme of institutional reporting cannot be minimized in light of the demonstrated growth of institutional investment and its impact on the structure of the securities markets, corporate issuers and individual investors.[2]"*

This conclusion was quite prescient. It remains relevant today and is consistent with the spirit and intent of the Securities Act and the Exchange Act: to foster free and fair markets for all constituents. The Commission's proposed amendments to Form 13F reporting rules are, in my view, contrary to this and should not be adopted.

Sincerely,

Lisa Ciota

cc: NIRI Chicago Board of Directors

[1] Robin Wigglesworth, Financial Times, Passive attack: the story of a Wall Street revolution, December 19, 2018

[2] Daniel Etlinger, Pepperdine Univ Journal of Business, Entrepreneurship & Law Too Much of a Good Thing: How Much Should Hedge Funds Be Required to Disclose?, November 20, 2008