

September 14, 2020

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

Dear Ms. Countryman:

On behalf of Autodesk, Inc., a design, engineering, and entertainment software company headquartered in San Rafael, California, I am writing to express our opposition to the Commission's proposed amendments to the Form 13F reporting rules for institutional investment managers. We urge the Commission to withdraw this proposal for the reasons described below, as well as the opposition expressed by National Investor Relations Institute, Nasdaq, and hundreds of retail investors and publicly traded companies, among others.¹

We believe that the SEC's proposal, which would allow **89% of current 13F filers to go dark**, would result in a significant loss of market transparency to our company and other public traded companies in the United States. 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 activist hedge funds that take positions in our stock.

The 13F filings are the only accurate source of ownership information available to our company as well as other U.S. issuers. While 13F data is not as timely as it could be, it is the only data that we have that shows which "street name" investors are buying or selling our shares each quarter. This information cannot be fully replaced by hiring stock surveillance firms, which themselves rely on quarterly 13F data as a starting point for their research efforts.

We do not believe that the Commission has adequately considered the potential impact of this 13F proposal to our company and our obligation to regularly confer with our investors throughout the year. As a **\$50 billion market cap company**, we are particularly concerned about how the reduction of 13F transparency would impair our ability to identify our most active shareholders and engage effectively with them. We estimate that the proposed increase in the

¹ See joint letter from NIRI, issuers, and investor relations counseling firms, dated August 28, 2020, available at: <https://www.sec.gov/comments/s7-08-20/s70820-7709057-222930.pdf>; Nelson Griggs, President of Nasdaq Stock Exchange, "Transparency is at Risk with Proposed Changes to Form 13F," July 31, 2020, available at: <https://www.nasdaq.com/articles/transparency-is-at-risk-with-proposed-changes-to-form-13f-2020-07-31>.

13F threshold to \$3.5 billion would allow **55% of our current 13F filers to evade disclosure**. 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 more valuable.²

The Commission’s proposal to significantly reduce 13F disclosures also is at odds with recent requests by the SEC that we and other public companies “provide as much information as is practicable” to investors amid the market uncertainty caused by the global COVID-19 pandemic.³ Just as there is a need for greater transparency on our part to our investors, our need for ownership data is even greater during these uncertain times, when market volatility is high and many activist investors have taken advantage of share price declines to amass larger stakes in potential target companies. Under the proposed \$3.5 billion threshold, we would be unable to monitor those activist investors who would be exempt from reporting their positions, thus “gaming the system” and using the increased lack of transparency for their benefit and not that of our company’s long-term shareholders.

While we agree that SEC should modernize its ownership disclosure rules, we believe that the negative impacts of this 13F proposal on our company’s ability to engage effectively with our shareholders, attract new long-term investors, and detect potential activists would far outweigh the modest cost savings for investment managers. The proposed 35-fold increase in the 13F threshold is not consistent with the incremental approach the SEC has taken when adjusting economic thresholds in other rules, such as the Commission’s inflation-based increase in the gross revenue cap for emerging growth companies,⁴ the adjustments to the transition thresholds

² According to Edelman’s financial communications practice group, 60 percent of activist asset managers would fall under the \$3.5 billion threshold. See Jeremy Cohen and Jeff Zilka, Edelman, “SEC Proposed Rule Change Is A Step Backwards for Shareholder Democracy,” July 29, 2020, available at: <https://finance.yahoo.com/news/sec-proposed-rule-change-step-193708183.html>.

³ As Chairman Jay Clayton and Corporation Finance Director William Hinman observed, “The SEC’s three-part mission – maintain market integrity, facilitate capital formation, and protect investors – takes on particular importance in times of economic uncertainty. Disclosure – providing the public with the information necessary to make informed investment decisions – is fundamental to furthering each aspect of our mission.... We urge companies to provide as much information as is practicable regarding their current financial and operating status, as well as their future operational and financial planning.” Chairman Jay Clayton and William Hinman, Director, Division of Corporation Finance, "The Importance of Disclosure – For Investors, Markets and Our Fight Against COVID-19," April 8, 2020.

⁴ Inflation Adjustments and Other Technical Amendments Under Titles I and II of the JOBS Act, Release Nos. 33-10332; 34-80355; File No. S7-09-16 (March 31, 2017).

for companies that exit accelerated filer status and large accelerated filer status,⁵ and the proposed updates to SEC's rules on shareholder resolutions.⁶

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 NIRI, the NYSE Group, the Society for Corporate Governance, and Nasdaq.⁷ Rather than reduce 13F transparency, we urge the SEC to promote more timely and complete disclosure by supporting monthly reporting, requiring the public disclosure of short positions, and cutting the 45-day reporting period.

Sincerely,

Scott Herren
Chief Financial Officer
Autodesk, Inc.

⁵ Accelerated Filer and Large Accelerated Filer Definitions, Release No. 34-88365; File No. S7-06-19 (March 12, 2020) (the SEC increased the threshold for exiting accelerated filer status by 20 percent from \$50 million to \$60 million, while the threshold for exiting large accelerated filer status increased by 12 percent from \$500 million to \$560 million).

⁶ Procedural Requirements and Resubmission Thresholds under Exchange Act Rule 14a-8, File No: S7-23-19 (Nov. 5, 2019) (The Commission proposed to increase the minimum holding requirement for shareholder resolutions from \$2,000 to \$25,000, but would mitigate the impact of that change on small investors by allowing them to use the \$2,000 threshold if they continuously hold a company's shares for at least three years.)

⁷ See NYSE Group, NIRI, and Society for Corporate Governance, Request for Rulemaking Concerning Amendment of Beneficial Ownership Reporting Rules Under Section 13(f) of the Securities Exchange Act of 1934 in Order to Shorten the Reporting Deadline under Paragraph (a)(1) of Rule 13f-1, Petition No. 4-659, February 4, 2013, available at: <https://www.sec.gov/rules/petitions/2013/petn4-659.pdf>; NYSE Group and NIRI, Petition for Rulemaking Pursuant to Sections 10 and 13(f) of the Securities Exchange Act of 1934, Petition No. 4-689, October 7, 2015, available at: <https://www.sec.gov/rules/petitions/2015/petn4-689.pdf>; and Nasdaq, Petition for Rulemaking to Require Disclosure of Short Positions in Parity with Required Disclosure of Long Positions, Petition No. 4-691, December 7, 2015, available at <https://www.sec.gov/rules/petitions/2015/petn4-691.pdf>.