



September 17, 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:

Quest Diagnostics Incorporated (NYSE: DGX), the world's leading provider of diagnostic information services, is grateful for this opportunity to comment on the Securities and Exchange Commission's (the "Commission") proposed amendments to the Form 13F reporting rules for institutional investment managers, referenced in the Commission's proposing release identified above (the "Rule Proposal").

Reduced Transparency

We believe that the Rule Proposal would result in a significant loss of market transparency to our company and other public traded companies in the United States. The transparency provided by the Form 13F reporting regime allows us to effectively engage with our shareholders and provides us with an important source of information about activist hedge funds and others that take positions in our securities. Form 13F filings are the only accurate source of ownership information available to our company (as well as other U.S. issuers) regarding beneficial owners of our stock.

We do not believe that the Commission has adequately considered the potential impact of the Rule Proposal on our company and the many other companies similarly situated to Quest Diagnostics. In the Rule Proposal the Commission has justified the change on the basis that the new threshold would still require Form 13F filings from institutional managers that represent more than 90% of the value of the securities that are currently reported. The Rule Proposal, however, does not adequately address that almost 90% of the current Form 13F filers will no longer be required to report their holdings. For Quest Diagnostics, that "almost 90%" means, practically speaking, a large number of the institutional managers that we have or have sought to engage with would no longer have to report holdings on a Form 13F. We estimate that the proposed increase in the 13F threshold to \$3.5 billion would allow a significant percentage of our 13F filers (currently 55%; has been as high as approximately 60% during 2020) to avoid

disclosure. We are concerned about how we would be able to identify the many active investment managers, including hedge funds, under the new threshold.

Reduced Engagement

Our company uses 13F data to allocate the limited time of our senior executives among the many requests that we receive from investors for one-on-one calls or meetings. We also use it to target investors as part of our annual investor outreach and engagement program. We cannot possibly say yes to every investor request to speak with our senior management, so we try to allocate time to investors other than our largest investors and fund managers with a track record of activism. With this proposed increase in the 13F threshold, we would not have visibility into this important group. We believe the engagement we have with our investors is beneficial to all of our stockholders. The meetings with investors provide our senior executives with unique insights into our industry and the market more generally. We also hear directly about the concerns of investors. Our senior executives share these insights with our Board of Directors and are important to our company. This type of engagement, which we do not believe is unique to Quest Diagnostics, has become a very important investor benefit of the 13F reporting.

Negative Impact on Our Ability to Strengthen Our Shareholder Base

The loss of 13F data also would impede our company's ability to attract new long-term institutional investors in our common stock. Like many other issuers, we use 13F filings to identify long-term shareholders with smaller positions in our stock. We proactively reach out to these investors with smaller positions to speak to these investors about the strengths and strategies of the company in an effort to encourage them to increase their holdings in our company. Under the proposed threshold, the loss of transparency around who is holding our common stock each quarter (and the changes from prior quarters) would hinder the ability of our company to continue to strengthen our shareholder base by encouraging long-term investors to increase their positions in our common stock.

Increased Risk of Activism

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. The loss of 13F data under the Rule Proposal potentially exposes our company to a greater risk of ambush activism by short-term-oriented fund managers, who may demand that we take measures that may not be part of our long-term strategy or otherwise not in the interests of our stockholders. Without the 13F data we receive now, our company will not know if an activist fund manager that falls under the \$3.5 billion threshold is plotting a proxy contest until 10 days after the fund crosses the 13D disclosure threshold and publicly surfaces with a 5% (or often more) position.

Consider Alternatives

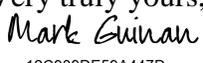
While we agree that Commission should modernize ownership disclosure rules, we believe that this 13F proposal would have a significant negative impact on our company's ability to engage effectively with our shareholders, detect potential activists and foster increased long-term investment in our company. If 13F filings can be costly for certain investors, we request the Commission to consider alternatives to address these costs, including alternatives that preserve the transparency of 13F filings.

Summary

In summary, 13F filings are the primary data source for knowing who shareholders are and the information they provide is essential for our company. Consistent with the stated interest of the Commission and the investment community, and the strong interest of our company, we engage with our investors, and the 13F filings provide the only reliable means for understanding who our shareholders are. Removing nearly 90% of filers would limit our understanding of who our shareholders are and restrict our ability to strengthen the positions of the long-term holders of our common stock. The Rule Proposal could privilege the voice of larger institutional investors at the expense of smaller ones, and is inconsistent with the dramatic change in issuer-investor engagement in the U.S. equity markets since 1975.

For the foregoing reasons, we request that the Commission reconsider its proposed 13F amendments and pursue the reforms detailed in the rulemaking petitions submitted by National Investor Relations Institute, the NYSE Group, the Society for Corporate Governance, and Nasdaq.¹ Rather than reduce 13F transparency, we urge the Commission to promote more timely and complete disclosure by supporting monthly reporting, requiring the public disclosure of short positions, and shortening the 45-day reporting period.

Thank you for your consideration.

Very truly yours,

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 Mark J. Guinan

Executive Vice President and Chief Financial Officer

¹ 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>.