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September 25, 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:

We are Ambac Financial Group, Inc. (NYSE: AMBC) (“Ambac”), a financial services holding company whose principal subsidiaries, Ambac Assurance Corporation and Ambac Assurance UK Limited, are financial guarantee insurance companies currently in run-off.

This letter is an addendum to the comment letters issued by the National Investor Relations Institute, the Nasdaq Stock Exchange and the NYSE opposing the newly proposed reform to Form 13F reporting rules for institutional investment managers.

Because Ambac is a signatory to these letters, and we support all of their content, we will not repeat them here. Instead, to further register our opposition to the current proposal, we will provide an additional example of the way in which it would harm our company (and similarly situated companies) and our shareholder engagement program.

One of Ambac’s key value drivers is its ability to use federal net operating loss carryforwards (“NOLs”) to reduce its future tax liability and therefore increase shareholder returns. Ambac’s consolidated NOLs total \$3.7 billion as of June 30, 2020, which at the current 21% Federal tax rate could reduce future taxes paid by up to \$777 million.

Under U.S. tax law, a corporation's ability to utilize its NOLs is limited if there were a cumulative change, during a three-year look-back period, of 50% or more in the company's ownership by shareholders owning 5% or more of the corporation's stock. Based on Ambac's current market capitalization, such a change would limit its NOL utilization to approximately \$5 million per year. Ambac and other publicly traded corporations with significant net operating losses have incorporated provisions such as Article XII of Ambac's Amended and Restated Certificate of Incorporation (see [here](#)) into their charters. These provisions contain substantial restrictions on transfers of stock in order to help restrict investors from becoming 5% shareholders.

Accordingly, Ambac and other similarly situated corporations monitor shareholder positions by reviewing Schedules 13F, as well as Schedules 13D and 13G. In the past, as shareholders have approached 5% ownership, Ambac has contacted them to remind them of the consequences of becoming a 5% shareholder. The proposed \$3.5 billion filing threshold would make it much more difficult for Ambac to proactively identify when investors are approaching a 5% ownership and to proactively engage with them before they breach the limitations outlined in our Amended and Restated Certificate of Incorporation. Under the SEC's current proposal, Ambac may not become aware of larger holders until an investor has already reached 5% ownership triggering either a 13D or 13G filing. This reduction in transparency heightens Ambac's exposure to experiencing an undetected ownership shift that could, in certain circumstances, result in a material limitation being placed on its NOLs and therefore potentially impairing shareholder value.

In conclusion, the proposal under consideration will limit the ability of publicly traded corporations with NOLs, such as Ambac, to manage the risk of investors becoming 5% shareholders and may limit those corporations' ability to preserve their NOLs, which are often a key component of value to shareholders.

We are barely 10 years removed from one of the worst financial crises in our history, from which a key takeaway was the need for public companies to improve their shareholder engagement programs. While much progress has been made in this area, eliminating the very transparency that has driven this progress would be a significant step backwards.

We therefore urge the Commission not to adopt the proposed amendments to the Form 13F reporting rules and instead implement the reforms proposed by NIRI to improve market transparency and foster more effective issuer-investor engagement. We are in full support of reducing the 45-day reporting period, requiring 13F filers to disclose short positions, and implementing legislation that requires monthly position disclosures.

Please contact me directly should you want to discuss further, and I thank you in advance for your time and consideration.

Sincerely,

David Trick

David Trick

Executive Vice President, Chief Financial Officer and Treasurer

Ambac Financial Group Inc.

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