



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

September 29, 2020

**Re: File Number S7-08-20, Reporting Threshold for Institutional Investment Managers**

Dear Ms. Countryman,

We appreciate the opportunity to comment on the SEC's proposal to amend Form 13F by raising the reporting threshold for institutional investment managers from \$100 million to \$3.5 billion. Global Endowment Management, LP ("GEM") is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended. GEM offers an endowment-style investment program that invests with a long-term horizon to provide a diversified, single-portfolio investment strategy for our investors, the majority of which are tax-exempt foundations and endowments. GEM's investment strategy includes investing directly in publically traded securities in addition to investing in other private funds which invest in publically traded securities. This work positions GEM as both a 13F filer and a user of other 13F filers' information. Our views and opinions described below come from both of these perspectives.

In the proposal under section I(B), the Commission notes the following rationale for adopting the 13F disclosure program proposed in 1975 and implemented in 1978:

"The section 13(f) disclosure program had three primary goals. First, to create a central repository of historical and current data about the investment activities of institutional investment managers. Second, to improve the body of factual data available regarding the holdings of institutional investment managers and thus facilitate consideration of the influence and impact of institutional investment managers on the securities markets and the public policy implications of that influence. Third, to increase investor confidence in the integrity of the U.S. securities markets."

**We believe that the proposed substantial increase of the 13F reporting threshold is counterproductive to all three of these stated goals of the 13F disclosure program. We further believe that (i) the regulatory burden of quarterly reporting from both a time and cost perspective is very small in the digital age and (ii) the lost transparency associated with the increase in threshold is unwarranted.**

### **Unclear benefit of reduced regulatory burden**

GEM appreciates any effort the SEC makes to ease compliance burdens. However, as a 13F filer for many years, we do not find the filing to be costly nor burdensome. The analysis in the proposal that follows the above rationale notes the increase in both the number of reporting managers and the size of the U.S. equity market. Although the analysis recognizes gains in technology, we believe the proposed rule underestimates the enormous increase in computing power and automation over the past few decades. Modern portfolio accounting systems, and even simple spreadsheets, can easily account for and report out on investment managers' portfolios to comply with 13F filing requirements. One certainly hopes that a person or firm managing securities with a value of \$100 million or more has some means of technology at their disposal for proper recordkeeping of their investment holdings.

At GEM, we estimate it takes a total of 2 hours of internal time and costs \$125.00 of external service provider expense each quarter to prepare and file our 13F filing. Eliminating this time and expense does not provide material relief from a regulatory burden on our firm.

### **Large Cost of Reduced Transparency**

Importantly, the substantial increase in the 13F reporting threshold will cause additional costs, including those attributable to the loss of market transparency for investment managers. GEM uses the 13F reports to monitor private fund investments at a position level which may otherwise be opaque. Since nearly all of our current private fund managers that trade in public equities manage assets below the proposed \$3.5 billion filing threshold, this monitoring ability will be practically eliminated. As an investment adviser, we have a fiduciary obligation to oversee and manage the investments we make on behalf of our clients, and this loss of transparency will severely impair our ability to do so. Some examples of the benefit of transparency provided by the 13F filings include: consolidating total exposure to individual companies across all of our external managers; monitoring the investment concentration of our external managers; and monitoring our external managers for style or strategy drift.

Our endowment and non-profit clients, the entities which the SEC aims to protect, depend on us to perform this work without undue expense. Ironically, an increase in the 13F threshold will actually lead to an increase in expense and burden due to the alternate means which will be required to gather the information required to properly monitor our external managers.

### **Summary**

In conclusion, we recommend that the SEC should not adopt the proposed rule. There is no real compliance cost or burden to speak of, and the increased reporting threshold will unequivocally harm the investing community, including the clients of investment advisers, by significantly reducing the transparency of U.S. capital markets.

Yours truly,



Global Endowment Management, LP

Richard S. Abraham

Chief Compliance Officer and Chief Financial Officer