

September 29, 2020

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

Re: Comments on Proposed Rules Relating to the Reporting  
Threshold for Institutional Investment Managers  
Release No. 34-89290; File No. S7-08-20

Dear Ms. Countryman:

In July 2020, the U.S. Securities and Exchange Commission (the “Commission”) proposed for public comment an amendment to Form 13F that would increase the 13F reporting threshold from \$100 million to \$3.5 billion (the “Proposed Amendment”). TEGNA Inc. (“TEGNA” or the “Company”) respectfully submits this letter in response to the Commission’s solicitation for comments on the Proposed Amendment.

With respect to the Proposed Amendment, we are concerned that it would severely limit the number of investment managers subject to Form 13F’s reporting requirements, and reduce the information available to public companies, stakeholders and investors. Reducing the already limited transparency of the U.S. securities markets runs counter to the broader trend towards greater transparency and may have uncertain and negative consequences.

As the Commission considers whether or not to move forward with the Proposed Amendment, we believe it is important that the Commission consider more fully how 13F information is actually used by market participants (including public companies) and how important the 13F reporting regime has become to facilitating capital formation and understanding the capital markets. The 13F framework has become a foundational part of how companies, the public and investors know which investment managers hold interests in public companies, what types of investment managers are attracted to particular companies and industries, and how investment manager allocations change over time. This framework is a bedrock mechanism to enable companies and other investors to consider such information across a broad set of investment managers, rather than only the absolute largest. It is also our understanding that compliance with 13F reporting, even under the current \$100 million threshold, has become a routine, cost-effective, technology-assisted and fairly straightforward exercise.

The Proposed Amendment would significantly reduce the number of shareholders that would be visible to the companies in which they invest. It is estimated that only approximately 600 of the approximately 5,200 investment managers that filed 13Fs last quarter have over \$3.5

billion of assets under management.<sup>1</sup> The Proposed Amendment would mean that almost 90% of investors that currently disclose their holdings would no longer be required to do so.

The Company today has approximately 446 investors based on publicly available ownership information. Based on analyses provided by the Company's proxy solicitor and stock surveillance agent, Innisfree M&A Incorporated, if the Proposed Amendment goes into effect, 182 of the Company's shareholders (including 32 hedge funds), holding approximately 20% of the Company's outstanding shares and representing 37.9% of its current filers, would "go dark." While some of the largest investment managers would continue to disclose TEGNA shares held by them, many of those managers are passive, indexed holders with positions that do not change appreciably each quarter. The 13F data we obtain from the active institutional investment managers, including hedge funds, is valuable and allows us to engage with our shareholders in a responsible and timely way.

Many of the investment managers who would no longer be subject to mandatory 13F reporting have been active in engaging with us and other issuers on capital allocation decisions and long-term strategy. The 13F reporting rules currently enable us – and others – to assess potential changes in their shareholdings and to consider proactive outreach to such investors.

Unfortunately, outside of the 13F reporting regime, public companies do not have a clear and reliable way to identify all of their investors. Investor relations and shareholder engagement is a core part of our corporate strategy and the decision-making processes of our board of directors and management team. Accordingly, we place great value on the input of our shareholders and regularly consult with them to understand what is important to them. We also strive to develop and cultivate a high-quality investor base. This includes designing approaches for targeting new investors who might be interested in owning our stock and for engaging with existing investors who might be interested in increasing their holdings (including those who may fall well below the proposed \$3.5 billion threshold). The existing threshold for reporting on 13F supports all of these important activities. 13F reports also enable us to confirm information provided by investment managers about their holdings and can prompt and inform the dialogue we have with investors.

We have also found it useful to follow investment trends that are revealed by comprehensive 13F reporting, not just at our own Company, but also in the media industry at large, and would be disadvantaged if we were to lose some measure of that visibility. Comprehensive 13F reporting has also become an important part of public company due diligence processes in assessing new long-term institutional investors and possible partners in potential strategic transactions. Losing access to that information would result in us not having it as an input in our capital allocation assessments and decision-making. These practices are helpful for our Company to effectively access the capital markets and grow our business.

In addition, the loss of 13F data under the Proposed Amendment would potentially expose the Company to a greater risk of non-constructive shareholder activism and undue influence by short-term-oriented investment managers, who may demand that we take measures that are inconsistent with our long-term strategy, are misaligned with the investment strategies

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<sup>1</sup> *IHS Markit*, "SEC's 13F Proposal – Issuer and Investor Analysis," August 7, 2020, available at: <https://ihsmarkit.com/research-analysis/secs-13f-proposal--issuer-and-investor-analysis.html/>.

and priorities of our long-term investors and undermine, rather than enhance, the quality and composition of our board of directors. Research has shown that the Proposed Amendment would disproportionately reduce the 13F reporting burden on activist investors, with 86% of them no longer being subject to mandatory 13F reporting as a result.<sup>2</sup> Without the 13F data we currently receive, the Company will not know if an activist fund manager has taken a position in our stock until 10 days after the fund crosses the 13D disclosure threshold and publicly surfaces with a 5 percent (or often more significant) position. We also would be hindered in our efforts to engage with smaller investors to take their views into account and assess their priorities and feedback. As recently as this past proxy season, TEGNA was engaged in a proxy contest in which the entire management slate received majority support from our investors and were elected. The information we obtained from 13F reports was critical to us being able to engage with, understand and be responsive to our entire investor base, including our smaller investors. We would speculate that our opponents also found the transparency of our shareholder base useful in their outreach efforts. Consistent outreach to and discussions with small yet important investors is supported by comprehensive 13F reporting.

Further, the revised, higher disclosure threshold will make it more difficult for market observers to compare investors and their holdings. Since the Proposed Amendment, if adopted, will limit the universe of investment managers required to report their ownership, market observers' ability to understand and track the evolution of investors' holdings will be affected, especially since the holdings of many active managers will fall below the revised threshold. More broadly across all issuers, the Proposed Amendment would eliminate access to information about discretionary accounts managed by more than 4,500 institutional investment managers representing approximately \$2.3 trillion in assets. Given the sharp decrease in the number of investment managers required to report, some may be incentivized to engage in strategic behavior, increasing or reducing their measured assets under management in order to move in and out of the reporting regime. Such unpredictable consequences could have meaningful effects on the reporting universe and market behavior, possibly increasing volatility. This would be an unwelcome development.

We are firmly of the view that there is a broader need for reform of the Commission's reporting rules, whether with respect to short-selling and derivatives disclosure or more timely reporting of positions under Schedule 13D and Form 13F, and would applaud the Commission moving forward with efforts toward greater transparency and reform. We, however, question the piecemeal nature of the Proposed Amendment. One suggestion we respectfully make is to shorten the period between the end of the quarter and the required filing of the Form 13F while maintaining a threshold that is sufficiently low to ensure Form 13F remains a comprehensive and relevant regime for many investors. Investment managers who are currently required to file a Form 13F generally already use electronic tracking, so there is no need from a records collection point of view for the current 45-day period. Shortening this period would also work towards increasing transparency in the securities markets. Another suggestion is to expand the definition of reportable securities under 13F to cover derivatives and short positions, given the emergence of, and rapid growth in, the market for equity derivative products.

In addition to our views in this letter, we write to second the arguments made in several other letters to the Commission, including those submitted by Wachtell, Lipton, Rosen & Katz

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<sup>2</sup> See above.

on September 29, 2020, the New York Stock Exchange on September 21, 2020, Nasdaq, Inc. on September 22, 2020 and the National Investor Relations Institute on August 28, 2020.

At a time when corporate America, and society at large, is moving toward greater transparency and engagement, it would be a regressive step for the Commission to approve the Proposed Amendment and effect such a sharp change in the opposite direction.

We would be happy to respond to any questions you may have with respect to this letter or our view on the Proposed Amendment. If you have any questions or if you would like to discuss more generally, please feel free to contact the undersigned.

Very truly yours,

/s/ Akin S. Harrison

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Akin S. Harrison  
Senior Vice President, General Counsel  
and Secretary  
TEGNA Inc.