



September 29, 2020

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

RE: Release No. 34-89290; File No. S7-08-20: *Reporting Threshold for Institutional Investment Managers*

Dear Ms. Countryman:

On behalf of Acuity Brands, Inc. (NYSE:AYI), a mid-cap industrial company headquartered in Atlanta, Georgia, I am writing to express our opposition to the Commission's proposal with respect to the amendment of Form 13F reporting rules for institutional investment managers. Acuity would encourage the SEC to withdraw the proposed rule because we believe it will negatively impact market transparency and cause a loss of vital information that we depend on as a public company. **Instead, we urge the SEC to promote more timely and complete disclosure by reducing the 45-day reporting period.**

Based on a review of our shareholder base, we believe that the SEC's proposal would result in a significant loss of market transparency to our company and other similar sized publicly traded companies in the United States. Specifically, we estimate that we would lose visibility to approximately 56% of our shareholders that are 13F filers. The rule as proposed would limit our ability to understand our overall shareholder base and reduce our ability to engage with them, reduce our ability to interact with new long-term investors, and impede our ability to identify potential activist activity.

The 13F filings are the only source of quarterly ownership information available to our company and other U.S. issuers. While 13F filings are not as timely as we would like them to be, it is the only data that provides access to "street name" investors that are buying or selling our shares. Unfortunately, this information cannot be fully replaced by stock surveillance firms, which typically are also using the quarterly 13F data as part of their research efforts and may be cost prohibitive over long periods of time.

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 mid-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. 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.¹

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¹ According to Edelman's financial communications practice group, 60 percent of activist asset managers would fall under the \$3.5 billion threshold. *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>.

² IHS Markit estimates that 86 percent of activist investors would no longer have to report their positions through 13F filings. IHS Markit, "SEC's 13F Proposal – Issuer and Investor Analysis," August 7, 2020, available at: <https://ipreo.com/blog/secs-13f-proposal-issuer-and-investor-analysis/>.

Reduced Engagement

Our company also 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 cannot possibly say yes to every investor request to speak with our senior management, so we try to give priority to not only our largest investors and fund managers with a track record of activism, but also those shareholders with smaller positions who are interested in increasing their holdings in our company. With this proposed increase in the 13F threshold, we would not have visibility into this important group.

Identifying holders is also essential in being able to proactively engage the investment community to solicit and gain feedback on important issues such as Environmental, Social and Governance (ESG) initiatives and disclosures. It would be difficult to solicit their opinions on improving our disclosures in these areas without knowing who they are.

Negative Impact on Capital Formation

The loss of 13F data also would impede our company's ability to attract new long-term institutional investors. Like many other issuers, we use 13F filings to identify potential shareholders (such as those who have invested in similar companies) and to measure the effectiveness of our outreach efforts to prospective investors. Both of these practices are essential for our company to effectively access the capital markets and to grow our business. Without this information on who is holding as well as buying our shares each quarter, our company would be less able to raise growth capital. As required by the agency's mission, the SEC should fully consider the impact on public company capital formation before proceeding with this rulemaking.

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 National Investor Relations Institute, the NYSE Group, Nasdaq, and the Society for Corporate Governance.³ **Rather than reduce 13F transparency, we urge the SEC to promote more timely and complete disclosure by reducing the 45-day reporting period.**

Sincerely,



Karen J. Holcom
Senior Vice President and
Chief Financial Officer

³ 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>.