



September 8, 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:

On behalf of Vista Outdoor (NYSE: VSTO), a leading designer, manufacturer and marketer of consumer products in the outdoor sports and recreation markets, headquartered in of Anoka, Minnesota, I am writing to express our opposition to the Commission's proposed amendments to the Form 13F reporting rules for institutional investment managers.

We believe that the SEC's proposal, which would allow 89 percent of current 13F filers to go dark, would result in a significant loss of market transparency to our company. The proposed rule, if enacted, would result in less effective engagement with shareholders, impede our ability to attract new long-term investors, and materially weaken the robustness and quality of our trading surveillance data, which has proven invaluable to us to better understand and work with our shareholder base.

13F filings are the only accurate source of ownership information available to our company. While 13F data is not as timely as it could be, it is the only data we have illustrating "street name" investors buying or selling our shares each quarter. This information cannot be fully replaced by hiring stock surveillance firms, which rely on quarterly 13F data as a starting point for their research/triangulation efforts. While Vista Outdoor has the scale to support investments in surveillance data, many small-cap issuers are unable to make the same level of commitment, placing even greater reliance on the completeness and transparency of 13F filings to support effective investor engagement programs.

We do not believe the Commission has properly considered the potential impact of this 13F proposal to our company and its impact on our ability to effectively engage with our investors throughout the year. Operating at an approximate \$1.13B market cap, we are particularly concerned at how the reduction of 13F transparency would impair our ability to identify and monitor changes in ownership amongst our largest shareholders. Based on our current shareholder base, we estimate that the proposed increase in the 13F threshold to \$3.5 billion would result in an overall 23% loss of transparency based on total shares outstanding. On an absolute basis, approximately 78 out of 210 filers currently disclosing ownership of Vista



Outdoor common stock would be exempt from filings under the proposal, effectively reducing visibility by approximately 37% of total filers. See below table for details as reference.

<b>Filing Entities</b>	<b>Count</b>	<b>Shrs Held</b>	<b>% S/O</b>
<b>Q1 13F Filers:</b>	<b>210</b>	<b>53,258,938</b>	<b>92.0%</b>
VSTO Filers >\$3.5B in Assets:	132	40,915,931	70.7%
VSTO Filers Exempt Under Proposal:	78	12,343,007	21.3%
<b>% Decrease</b>	<b>-37%</b>	<b>-23%</b>	<b>-23%</b>

### **Reduced Engagement Due to Lack of Transparency**

At Vista Outdoor, we take shareholder engagement very seriously, and believe that receiving regular feedback from our largest shareholders is key to our long-term success. Our company leverages 13F data to allocate scarce CEO/CFO and other senior executive time to investor meetings. We would lose visibility in to the ownership of over 21% of our total shares outstanding under the Commission’s proposal. Since it is not feasible for us to grant every request; our IR engagement program must give priority to our largest shareholders and also towards targeting/outreach initiatives underway. If the Commission’s proposed changes are adopted, our ability to identify and prioritize smaller holders of our common stock for engagement would be significantly reduced.

### **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 and to measure the effectiveness of our outreach efforts to prospective investors.

Both of these practices are essential for our company to effectively identify, engage with and attract stable, long-term investors in our common stock. By hindering this effort, the Commission’s proposal could potentially deprive us of the perspective and stability that new long-term investors bring to the table, as well as make it more difficult for us to raise growth capital should we need to do so in the future. As required by the agency’s mission, the SEC should fully consider the impact on capital formation before proceeding with this rulemaking.

### **Increased Risk of Activism**

The Commission’s proposal to significantly reduce 13F disclosures also is at odds with recent requests by the SEC that we and other public companies “provide as much information as is practicable” to investors amid the market uncertainty caused by the global COVID-19 pandemic.<sup>1</sup> Just as there is a need for greater transparency on our part to our investors, our

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<sup>1</sup> As Chairman Jay Clayton and Corporation Finance Director William Hinman observed, “The SEC’s three-part mission -- maintain market integrity, facilitate capital formation, and protect investors -- takes on particular importance in times of economic uncertainty. Disclosure — providing the public with the information necessary to



need for ownership data is even greater during these uncertain times, when market volatility is high and many activist investors have taken advantage of short-term share price declines to amass larger stakes in potential target companies. Under the proposed \$3.5 billion threshold, we would be unable to monitor those activist investors who would be exempt from reporting their positions.

The loss of 13F data under the proposed rule potentially exposes our company to a greater risk of activism by short-term-oriented fund managers. 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 building a position in our common stock until 10 days after the fund crosses the 13D disclosure threshold and publicly surfaces with a 5 percent (or often more) position.

While we agree that SEC should modernize its ownership disclosure rules, we believe that the negative impacts of this 13F proposal on our company's ability to engage effectively with our shareholders, attract new long-term investors, and detect potential activists would far outweigh the modest cost savings for investment managers. The proposed 35-fold increase in the 13F threshold is not consistent with the incremental approach the SEC has taken when adjusting economic thresholds in other rules, such as the Commission's inflation-based increase in the gross revenue cap for emerging growth companies,<sup>2</sup> the adjustments to the transition thresholds for companies that exit accelerated filer status and large accelerated filer status.<sup>3</sup>

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, the Society for Corporate Governance, and Nasdaq.<sup>4</sup>

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make informed investment decisions — is fundamental to furthering each aspect of our mission. . . . We urge companies to provide as much information as is practicable regarding their current financial and operating status, as well as their future operational and financial planning.” Chairman Jay Clayton and William Hinman, Director, Division of Corporation Finance, "The Importance of Disclosure – For Investors, Markets and Our Fight Against COVID-19," April 8, 2020.

<sup>2</sup> Inflation Adjustments and Other Technical Amendments Under Titles I and II of the JOBS Act, Release Nos. 33-10332; 34-80355; File No. S7-09-16 (March 31, 2017).

<sup>3</sup> Accelerated Filer and Large Accelerated Filer Definitions, Release No. 34-88365; File No. S7-06-19 (March 12, 2020) (the SEC increased the threshold for exiting accelerated filer status by 20 percent from \$50 million to \$60 million, while the threshold for exiting large accelerated filer status increased by 12 percent from \$500 million to \$560 million).

<sup>4</sup> 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,



Rather than further reduce 13F transparency, we urge the SEC to promote more timely and complete disclosure by supporting monthly reporting, requiring the public disclosure of short positions, and cutting the 45-day reporting period.

Sincerely,

*Kelly Reisdorf*

Kelly Reisdorf  
Chief Investor Relations and Communications Officer  
Vista Outdoor, Inc.