ACLI
Financial Security for Life

September 29, 2020

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
1000 F Street NE
Washington, D.C. 20549

Re: Comments on Reporting Threshold for Institutional Investment Managers
[Release No. 34-89290; File No. S7-08-20]

Dear Ms. Countryman:

The American Council of Life Insurers appreciates the opportunity to submit comments on the Securities and Exchange Commission (SEC or Commission) proposed Form 13F Amendments on Reporting Rules for Institutional Investment. Transparency of ownership is critically important to the smooth functioning of the securities industry and our members appreciate the SEC's efforts to modernize this process. We agree that this issue is due for modernization, since the existing rules were adopted over forty years ago and the industry has changed significantly in that time.

ACLI fully supports the SEC's goal of transparency, as well as the stated goals of the 13F disclosure program to:

> "[1] create a central repository of historical and current data about the investment activities of institutional investment managers,
> [2] improve the body of factual data available regarding the holdings of institutional investment managers and thus
> [3] facilitate consideration of the influence and impact of institutional investment managers on the securities markets and the public policy implications of that influence and
> [4] to increase investor confidence in the integrity of the U.S. securities markets."

We appreciate the intent of these efforts in supporting the SEC's mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. However, we believe that the proposed amendment would pose a significant threat to transparency. It is necessary for companies to have full visibility into the ownership of their stock in order to act in the best interests of their investors. In this case, we are concerned that the resulting loss of transparency is not outweighed by the potential advantages of the proposal.

In addition, life insurance companies are significant investors in corporate bonds, which are frequently issued by publicly-traded companies. Life insurance companies rely on ownership information sourced from Form 13F in their credit risk assessments, particularly with respect to M&A/change of control risk, which is a significant risk for corporate credit investors. Reduced transparency brought by this proposal would work against large bondholders by reducing transparency from activist and other hedge fund investors seeking to advance actions that may be harmful to bondholders.

When appropriate, we advocate for efficiency in order to minimize unnecessary operational and regulatory burden. We also recognize that there is often a balancing of interests required. In this matter, while we understand the Commission is seeking to modernize the disclosure process, we think that the proposed new threshold would pose a significant threat to transparency. ACLI shares several of the concerns expressed in the comments submitted by the National Investor Relations Institute (NIRI), specifically those regarding the negative impact this change would have on retail investors and small and mid-cap issuers. We encourage the Commission to follow the recommendation of NIRI and other commenters to withdraw the new proposal. We also agree with NIRI's assessment that the proposed changes alone are too significant and should instead be part of a holistic review of the framework for disclosure. We would look forward to continuing to work together with the Commission, other organizations, and stakeholders on a holistic approach to reviewing the framework for disclosure.

If the SEC decides to proceed with amending the threshold, we encourage the Commission to consider a lower amount. As noted, we believe that the amended threshold that has been proposed is too high and would significantly reduce transparency for companies, bondholders and all stakeholders.

We appreciate and support the Commission's efforts to modernize the disclosure process and agree with other commentators that this issue requires a more comprehensive, thoughtful review. We stand ready to answer any questions and thank the Commission for the opportunity to present these comments for your consideration.

Very truly yours,

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