



One La-Z-Boy Drive
Monroe, Michigan 48162-5138

September 28, 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 La-Z-Boy Incorporated (NYSE: LZB), the leading global producer of reclining chairs and the second largest manufacturer/distributor of residential furniture in the United States, headquartered in Monroe, MI, we are writing to express our opposition to the Commission's proposed amendments to the Form 13F reporting rules for institutional investment managers.

While we welcome the Commission's interest in modernizing 13F reporting, we believe that the proposed amendments, which would eliminate the requirement for 89 percent of current 13F filers to disclose their holdings, would result in a significant loss of market transparency to our company and other publicly traded companies in the United States. We are committed to transparent and active engagement with our shareholders to both share our perspectives and obtain valuable insight and feedback on matters of mutual interest. The proposed rule, if enacted, would significantly undermine engagement with shareholders and impede our ability to attract new long-term investors.

The 13F filings are the only accurate source of ownership information available to our company as well as other U.S. issuers. While 13F data is not as timely as it could be, it is the only data that we have that shows which "street name" investors are buying or selling our shares each quarter. This information cannot be fully replaced by hiring stock surveillance firms, which themselves rely on quarterly 13F data as a starting point for their research efforts.

As a small 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. We estimate that the proposed increase in the 13F threshold to \$3.5 billion would allow approximately 33% of our current 13F filers to evade disclosure. This includes four

of our top 20 shareholders, each of whom has separately reported owning over 1% of LZB shares outstanding. 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

Reduced Engagement Due to Lack of Transparency

Our company 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, and we prioritize, among other considerations, 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 necessarily have visibility into this important group.

Negative Impact on Capital Formation

The reduction in 13F data would also 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. Under the proposed threshold, the loss of transparency around who is holding as well as buying our shares each quarter would hinder the ability of our company to continue to compete for and raise growth capital.

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.² Rather than reduce 13F transparency, we urge the SEC to promote more timely

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

and complete disclosure by supporting monthly reporting, requiring the public disclosure of short positions, and cutting the 45-day reporting period.

Sincerely,

A handwritten signature in black ink, appearing to read "Melinda D. Whittington". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Melinda D. Whittington
Sr. Vice President and Chief Financial Officer

A handwritten signature in blue ink, appearing to read "Stephen K. Krull". The signature is cursive and compact.

Stephen K. Krull
Vice President, General Counsel and Secretary

A handwritten signature in black ink, appearing to read "Kathy Liebmann". The signature is cursive and somewhat stylized.

Kathy Liebmann
Director of Investor Relations and
Corporate Communications