



December 3, 2018

Via e-mail: rule-comments@sec.gov

Re: File Number S7-19-18
Financial Disclosures About Guarantors and Issuers of Guaranteed Securities and
Affiliates Whose Securities Collateralize a Registrant's Securities
Release No. 33-10526; 34-83701 (the "Release")

Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

Dear Mr. Fields:

Dell Technologies Inc. (the "Company") appreciates the opportunity to comment on the amendments proposed by the Securities and Exchange Commission (the "Commission") in the Release. We support the Commission's ongoing comprehensive review of disclosure requirements under its Disclosure Effectiveness Initiative, and in particular, its evaluation of the disclosure requirements in Rule 3-10 and Rule 3-16 of Regulation S-X ("Rule 3-10" and Rule 3-16", respectively) to better align those requirements with investor needs while simplifying disclosure obligations of registrants.

Our observations and comments are based on our past experiences in determining whether to issue guaranteed and/or collateralized securities on a registered, Rule 144A with registration rights or Rule 144A "for life" basis. Most recently in 2016, we issued \$20.0 billion of first lien notes (the "notes") in an offering pursuant to Rule 144A and Regulation S, with registration rights. If or when we register the notes, to the extent required by the registration rights agreement relating to the notes, we will be subject to the disclosure requirements relating to registered guaranteed securities and securities that collateralize registered securities.

In our experience, the decision to issue guaranteed or collateralized securities either in a registered offering or in a Rule 144A offering with registration rights can be challenging, due to the burdens associated with the disclosure requirements under Rule 3-10 and 3-16. We believe that an overwhelming number of issuers choose to issue their guaranteed and/or collateralized securities in Rule 144A "for life" offerings to avoid the disclosure requirements under Rule 3-10 and Rule 3-16, despite the fact that conducting a registered offering would result in a broader base of potential investors and could lower the cost of capital.

In the Company's case, our guaranteed and collateralized securities were issued in a Rule 144A offering with registration rights due to the magnitude of the offering and the desire to reach a broader potential investor base. But for those reasons, the Company would have issued such securities in a Rule 144A "for life" offering to avoid the potential extensive reporting burden that registration would entail. To reduce the reporting burden under Rule 3-10 and Rule 3-16, the provisions relating to guarantee and collateral, as well as the registration rights provisions, were negotiated extensively as follows:

- To avoid having to provide separate audited financial statements of any affiliate whose securities are pledged as collateral pursuant to Rule 3-16 (or any rule or regulation that replaces such rule), the capital stock or other securities of any affiliate to the extent the pledge of such capital stock or other securities would result in the requirement to file separate financial statements of such affiliate is explicitly excluded from the collateral securing our guaranteed and collateralized securities.
- The subsidiary guarantees and the collateral securing the securities will be released if the Company achieves an investment grade credit rating from two of three rating agencies, subject to certain other requirements.
- The securities will only be required to be registered within five years of the closing of the Company's acquisition of EMC Corporation for which proceeds of the offering of the securities were used to finance. This significant time period was negotiated in order to provide the Company with time to delever and potentially obtain an investment grade rating prior to registration and avoid Rule 3-10 and Rule 3-16 reporting obligations, as well as allow the Company the necessary time to build reporting capabilities to enable the Company to provide periodic disclosure that is compliant with Rule 3-10 requirements prior to the relevant filing deadlines in the event that an investment grade rating is not achieved. The Company is currently enhancing its Rule 3-10 reporting capabilities at a cost that involves personnel, implementation of system enhancements and the engagement of external legal, consulting and advisory services, in order to insure that it will be able to efficiently meet Rule 3-10 disclosure requirements in the event it does not attain an investment grade credit rating. The Company is also budgeting for notable future audit fees that will accompany such reporting requirements.

Based on this experience, we believe that the proposed Rule 13-01 and Rule 13-02 (collectively, the "Proposed Amendments") will reduce the burden on registrants and are significant improvements compared to Rule 3-10 and Rule 3-16. The following sets forth the reasons we support the Commission's efforts to streamline disclosure obligations and outlines various aspects of the Proposed Amendments which we believe can be further simplified:

- The accounting systems of registrants are not typically designed for the purposes of preparing separate financial information for issuer(s), guarantors and non-guarantors of the guaranteed securities on a consolidating basis for all line items contained in the income statement, balance sheet and cash flow statement, as

required under Rule 3-10. Significant time, effort and costs could be required to implement the necessary systems and processes to produce such financial information, which we do not believe is more meaningful to investors than the provision of summarized financial information of the issuer(s) and the guarantors on a combined basis, as required by proposed Rule 13-01.

We also believe that the proposal should further allow the Proposed Alternative Disclosures (as defined in the Release) to remain outside the audited financial statements in all circumstances, and not just with respect to the registration statement and Exchange Act reports on Forms 10-K and 10-Q required to be filed during the fiscal year in which the first bona fide sale of the subject securities is completed. The requirement to provide the Proposed Alternative Disclosures in the notes to the Company's consolidated financial statements subjects the Proposed Alternative Disclosures to audit, which we believe is unduly burdensome to registrants and would continue to delay and/or prevent many companies from issuing guaranteed and collateralized securities on a registered basis or on a Rule 144A basis with registration rights. Such audit requirement would continue to burden registrants with audit costs as well as incremental costs to build out their reporting systems if they do not already possess accounting systems and/or staff with the ability to produce Proposed Alternative Disclosures that could pass an audit prior to the relevant SEC filing deadlines. We also do not believe that having an audit requirement for Proposed Alternative Disclosures would be incrementally protective of investors' interests, especially since such disclosure was already permitted to be unaudited when the securities were first offered and sold and the initial investment decision was first made. For the foregoing reasons, and also because the Proposed Alternative Disclosures are useful primarily to debt investors and not all financial statement users, we believe the Proposed Amendments should permit the Proposed Alternative Disclosures to be unaudited in all instances.

- The requirement under Rule 3-16 to provide audited financial statements for each affiliate whose securities are pledged as collateral and represent a "substantial portion" of collateral is unduly burdensome. We believe that most companies would not have adequate resources to prepare multiple sets of financial statements. In addition, the financial statements required to be provided pursuant to Rule 3-16 may not in fact provide information that is material or meaningful to investors. The definition of "substantial portion", which is based on the aggregate principal amount of the registered securities outstanding, could result in the requirement to provide audited financial statements for a large number of affiliates if the principal amount of such securities that remain outstanding is relatively small, even if such affiliates are not actually material to the registrant's business as a whole. Conversely, a large principal amount of securities outstanding could result in no financial statements of affiliates being required to be provided, even if such affiliates are material to the registrant's business. Furthermore, in determining whether financial statements of an affiliate would be required, registrants must determine the fair market value for the pledged securities of such affiliate, which is difficult to accomplish since individual

subsidiaries do not typically operate as standalone businesses, or independent segments or lines of business but rather as an integrated business as a whole.

- We believe the ability under the Proposed Amendments to provide summarized financial information on a combined basis for the obligors, as opposed to a separate or disaggregated basis, allows registrants to focus on disclosure that is material and important to investors, without omitting information that investors would need to make informed investment decisions. In fact, as the Commission notes in the Release, having to provide separate financial statements under Rule 3-16 could be confusing: the registrant would likely need to provide financial statements for the parent entities of each affiliate who is required to provide audited financial statements so long as such parent entity's securities have also been pledged as collateral. This would be the case even if such parent entity is a holding company, only has a residual equity interest in its subsidiaries and otherwise has no other material assets or operations. In such a scenario, there is little, if any, incremental value to providing audited financial statements of the parent entity or entities, and the provision of multiple financial statements relating to the same group of assets could potentially lead to double-counting by investors. Providing summarized financial information on a combined basis for all obligors, and excluding summarized financial information of the non-obligors, would provide investors with a better understanding of the value of the collateral underlying the securities.

We also support the Commission's proposal to permit registrants to determine which method best meets the objective for excluding the financial information of non-obligors from the Proposed Alternative Disclosures. We believe that companies should have the ability to determine which method of accounting would be most appropriate in light of their businesses and operations. In addition, requiring a specific method of accounting could result in companies having to deploy significant resources if their systems are not already designed to produce the information required by such prescribed accounting method.

- The requirement in Rule 3-10 to provide financial information for the corresponding period in the prior year could result in significant time and costs expended by registrants if such information needs to be recast for various interim events, such as discontinued operations and adoption of a new accounting standard. We believe such requirement is overly burdensome especially because the information being provided is necessarily outdated.

For these same reasons, we believe that summarized financial information should not be required to be provided for interim periods as currently proposed under the Proposed Amendments. The Company is in support of requiring summarized financial information on an annual basis only, with qualitative interim disclosures only required to the extent there are any material changes from the prior annual disclosure.

- The requirement in Rule 3-10(g) to provide pre-acquisition financial statements of a recently acquired subsidiary issuer or guarantor is burdensome and costly for registrants. We believe that the existing requirements under Rule 3-05 of Regulation S-X provide sufficient information for investors to evaluate the financial capacity of the obligors as a group, and we support the Commission's proposal to delete existing Rule 3-10(g).

Importantly, we believe that these proposed streamlined disclosure requirements would not result in the omission of important or material information that an investor should consider in making an investment decision. In fact, it is our understanding that the accepted market practice for Rule 144A offerings (whether with registration rights or "for life") is to provide information that is even narrower in scope than what would be required under the Proposed Amendments. Indeed, the prevalence of Rule 144A offerings of guaranteed and/or collateralized securities suggests that the incremental information required to be disclosed in Rule 3-10 and Rule 3-16 are not necessary or material to an investment decision.

In summary, we believe that the Proposed Amendments generally create an improved disclosure framework for both investors and registrants, better aligning disclosure requirements with the information that we believe investors consider meaningful in making an investment decision and streamlining required disclosure to be clearer and more concise, while meaningfully reducing the burden on registrants and allowing registrants to focus resources on disclosures that are material to their particular facts and circumstances. We respectfully request that the Commission give consideration to the further amendments suggested above, which we believe will further encourage issuers to offer guaranteed and/or collateralized securities on a registered basis.

We appreciate the opportunity to submit, and the Commission's consideration of, our comments. If the Commission has any questions regarding this letter, please feel free to contact Maya McReynolds at [REDACTED].

Sincerely,



Maya McReynolds
Senior Vice President, Corporate Finance
and Chief Accounting Officer

cc: Janet Bawcom, Esq.
Senior Vice President —
Corporate, Securities & Finance Counsel