



SOUTH DAKOTA INVESTMENT COUNCIL

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February 7, 2020

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

Dear Secretary Countryman:

This letter is in reference to the U.S. Securities and Exchange Commission's (SEC's) request for comment on File Number S7-25-19 which proposes "...amendments to the qualified institutional buyer definition in Rule 144A under the Securities Act that would expand the list of entities that are eligible to qualify as qualified institutional buyers."

The South Dakota Investment Council (Council) is responsible, per South Dakota law, for the management of financial assets for the State of South Dakota. The Council was created by the South Dakota Legislature in 1971 and became operational on July 1, 1972. Since that time, assets under management have grown from \$133 million to over \$15 billion as of June 30, 2019. The assets consist of the South Dakota Retirement System (SDRS), four state trust funds created per the South Dakota Constitution, and the state agency pooled fund known as the Cash Flow Fund.

Request for Comment number 63: The Council is in support of expanding the list of entities eligible to be qualified institutional buyers to include those that meet the \$100 million in securities owned and are state governmental bodies and funds or local government funds managed by state governmental bodies. These funds would meet the intent of the proposal to seek to identify a class of investors that can be conclusively assumed to be sophisticated.

Request for Comment number 64: The Council supports amending the definition to include entities listed in response to number 63.

Request for Comment number 65: The Council does not foresee a greater likelihood of restricted securities sold under Rule 144A flowing into the public market with the expansion of the list of eligible entities to be qualified institutional buyers.

The Council would encourage the expansion of the qualified institutional buyer definition as outlined above. State governmental bodies have the expertise to evaluate the 144A securities and make prudent investments in these securities. This should increase the liquidity of the 144A securities and provide additional investment opportunities for state financial assets.

The Council supports the SEC's consideration of adding governmental bodies and funds with assets over \$100 million to the qualified institutional buyer definition.

Thank you for the opportunity to provide comment on this important issue. The Council stands ready to address questions or concerns.

Sincerely,

Matthew L. Clark
State Investment Officer