

Make Your Voice Heard Regarding Important NIRI Advocacy Issues

NIRI National wants to make sure your voice is heard regarding important investor relations advocacy issues.

As described more fully on the [Advocacy](#) section of the [niri.org](#) website, NIRI is advocating on our behalf in four key areas. If you are interested, here's how you can get involved:

Topic	Action	Deadline
Disclosure – the new S-K Concept Release	Send your feedback to Ted Allen tallen@niri.org	July 8
Short Selling	Send comment letters to the SEC (samples provided)	Sept. 15
13F and 13D rules	Examples of shareholder engagement challenges you face. Send to Ted Allen at tallen@niri.org	Sept. 26
Proxy Advisors	Examples of problems that your company has experienced with the proxy advisors during the 2015 and 2016 proxy seasons. Send to Ted Allen at tallen@niri.org	Sept. 26

More details on each subject follow as well as Ted Allen's contact information should you have any questions.

Best,

Julie MacMedan
NIRI LA Advocacy Ambassador

Disclosure

NIRI is preparing a comment letter on the SEC's [Concept Release on Regulation S-K](#). NIRI would like your input on the following topics that are raised in the Concept Release.

- 1) Should companies be encouraged (or required) to provide more specific discussions of risk factors (or not have to provide a long list of generic risk disclosures)?
- 2) Should the SEC adopt new mandates on ESG disclosure and/or public policy issues (e.g., political spending, outsourcing) or limit these mandates to specific industries?
- 3) Should the SEC change the frequency of financial reporting (or allow smaller or “emerging growth” companies to report financial results every six months)?
- 4) What should the SEC do to improve the “readability and navigability” (e.g., permit cross-references to other filings, hyperlinks to company sites) of corporate disclosures?

Short Selling

In October 2015, NIRI joined with the NYSE Group in a rulemaking petition that asks the SEC to require 13(f) institutions to publicly report their short positions.

NIRI is asking interested companies to send a comment letter to the SEC. Example letters are attached and can be found on the Advocacy page of niri.org.

There is no specific SEC deadline for the comment letters on short-selling disclosure, but we encourage members to submit them to the SEC by **Sept. 15** so the letters can get posted to the comment letter pages on the SEC website for the NIRI-NYSE and Nasdaq rulemaking petitions. It would be most helpful if we could direct the senior SEC staff to a significant number of letters from issuers that call for a new disclosure rule on short-position disclosure.

Equity Ownership Transparency (13-F, 13-D) and Proxy Advisors

The NIRI Board plans to meet with the SEC staff on **Sept. 29**. The members of the Advocacy Committee plan to share the concerns that we have heard from NIRI members regarding equity ownership transparency (13-F, 13-D) and proxy advisors.

Here are the specific asks regarding the modernization of the 13-F and 13-D rules:

To bolster our requests for greater equity transparency and reform of the 13-F and 13-D rules, we are looking for specific examples from companies about the shareholder engagement challenges they now face. Here are some examples of the information that would be helpful.

- Examples of situations where an institutional investor overstated its position in your company to obtain a meeting with the C-suite or the board. You later found out in the next 13-F filing that the investor had sold most of its position.
- Examples of situations where an investor quickly amassed a large stake (e.g., 1 to 4.9 percent) that was not disclosed in quarterly 13-F filings. Had your company know of this position sooner, the company could have engaged more effectively with this investor, alerted management and the board, and prepared a better response.
- Examples of situations where disclosure of a fund manager's short position via 13-F filings would have been helpful to your company's engagement efforts and helped the company address misleading information spread by the short seller.
- Examples of situations where a hedge fund (or pack of funds) utilized the 10-day reporting period for 13-D disclosure to quickly amass a stake in well in excess of 5 percent and surprise your company.

During our presentation to the SEC, we also plan to raise the issue of proxy advisors again with the senior SEC staff. The SEC staff is unlikely to take any additional action in this area (beyond its 2014 Staff Legal Bulletin) unless we can present evidence that companies are continuing to have problems with the proxy advisors.

Here is our specific ask on proxy advisors:

- We would like to receive specific examples of problems that your company has experienced with the proxy advisors (e.g., a failure to correct errors, misunderstanding of company's business model, aggressive marketing of consulting services, having to pay Glass Lewis to obtain a copy of the report to check for errors) during the 2015 and 2016 proxy seasons.

If members don't want their corporate identities shared with the SEC staff, we can still use their information and provide a more generic description of the corporate source (e.g., "an IRO from a mid-cap company in the telecommunications industry").

Please let me know if you need any more information about these requests.

Thanks,
Ted

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