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SEC proposed amendments to 13F to raise the reporting threshold for investment managers

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On July 10, 2020, the Securities and Exchange Commission (“SEC” or “Commission”) proposed amendments to Form 13F under the Securities Exchange Act of 1934 to raise the reporting threshold for institutional investment managers. The amendments are intended to update, for the first time in over 40 years since Form 13F’s adoption, the 13F reporting threshold “to a level that furthers the statutory goal of enabling the SEC to monitor holdings of larger investment managers while reducing unnecessary burdens on smaller managers.”

Currently, an institutional investment manager must file Form 13F quarterly with the SEC if the manager exercises investment discretion over accounts holding U.S. publicly traded equity securities valued at \$100 million or more. The proposed amendments would raise this reporting threshold to \$3.5 billion. The SEC also proposes to direct the SEC staff to conduct reviews of the Form 13F reporting threshold every five years and to recommend further adjustments to the Commission if appropriate.

The proposed adjusted reporting threshold of \$3.5 billion reflects proportionally the same market value of U.S. equities that \$100 million represented when Form 13F was first adopted in 1978. The proposal includes an analysis of the costs and burdens on smaller managers in filing Form 13F and estimates that the amendments will result in annual direct compliance cost savings of between \$68 million and \$136 million for smaller managers who would no longer file reports on Form 13F.

Additionally, the proposed amendments would eliminate the ability of managers to exclude from the form certain small positions, require managers to report certain numerical identifiers to enhance the usability of the information on Form 13F, make certain technical amendments to modernize reporting, and conform the standard for SEC review of requests for confidential treatment of Form 13F information with a recent decision by the U.S. Supreme Court.

The proposal is subject to a 60-day comment period following publication in the *Federal Register*.

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