

Via E-Mail

April 6, 2022

Gary Gensler
Chair
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549**Re: *Share Repurchase Disclosure Modernization Proposed Rule
(Release Nos. 34-93783; IC-34440; File No. S7-21-21)***

Dear Chair Gensler & Commissioners Peirce, Lee, and Crenshaw:

CFA Institute¹ welcomes the opportunity to comment on the Securities and Exchange Commission's ("SEC's or "Commission's"), Proposed Rule [*Share Repurchase Disclosure Modernization*](#) (the "Proposed Rule"). CFA Institute has a long history of promoting fair and transparent global capital markets and advocating for strong investor protections.

EXECUTIVE SUMMARY

As research analysts have recently reported, 2021 was a record year for stock buybacks. During the fourth quarter of 2021, companies continued to buy back stock at a record pace. Share repurchases in the fourth quarter of 2021 set a record of \$270.1 billion, up 15% from the previous record in the third quarter, and more than double that of the fourth quarter of 2020. Repurchases for the full year were \$882 billion, exceeding the previous annual record of \$806 billion.²

Appendix A provides even more extensive data on the size of stock buybacks over the last decade showing that stock buybacks are material and significant to investors. Companies buy back their shares for various reasons. They do so when they believe their shares are undervalued; to defend against a hostile takeover; or to make use of cash or cheap debt financing when they believe that there is a lack of attractive alternative capital investment opportunities or investment opportunities in research and development.

¹ With offices in Charlottesville, New York, Washington, DC, Brussels, Hong Kong, Mumbai, Beijing, Shanghai, Abu Dhabi and London, CFA Institute is a global, not-for-profit professional association of more than 181,000 members, as well as 160 member societies around the world. Members include investment analysts, advisers, portfolio managers, and other investment professionals. CFA Institute administers the Chartered Financial Analyst® (CFA®) Program.

² *S&P 500 Buybacks Set Quarterly and Annual Record*, published by S&P Global, at <https://press.spglobal.com/2022-03-15-S-P-500-Buybacks-Set-Quarterly-and-Annual-Record>.

As various studies have noted, share repurchases may be viewed as a signal to the market of management’s high expectation for the company’s fundamentals.³ The information conveyed by a stock buyback may also reduce the perceived riskiness of a company and, therefore, may indirectly affect stock liquidity.

As the SEC notes, while existing Item 703 disclosure provides investors and market participants with a general understanding of issuer share repurchases over time, the disclosure relates to repurchases made several weeks or months earlier, resulting in a delay in such information being relayed to investors and absorbed by the market.

Accordingly, we support the SEC’s proposal to increase the timing and frequency of disclosures regarding stock repurchases. We also advocate enhanced qualitative disclosure regarding the reasons for, and anticipated impact of, such repurchases, and how they relate to other programs involving purchases and sales of stock by company executives.

SUMMARY OF QUESTION RESPONSES

See **Appendix B** for our response to Questions 1-28 posed for comment in the Proposed Rule. With respect to Questions 29-40 – which relate to the Economic Analysis of the Proposed Rule – we believe that our description of the need for this information and the benefits to investors as compared to a fairly low additional administrative burden that will be imposed on issuers, demonstrates that the proposal far exceeds the cost-benefit hurdle that the Commission is inquiring about through those questions. We have not provided individual responses to Questions 29-40 in **Appendix B** as we found our responses to Questions 1-28 in **Appendix B**, as well as the summary below, provided the necessary information.

Accelerating The Timing and Increasing The Frequency Of Disclosures

As the SEC notes, there is currently an “information asymmetry” between issuers, who have information about the future prospects of their company, and investors. As a result, we believe that information regarding stock buybacks should be disclosed immediately, at the time the buyback actually occurs, as proposed on Form SR, to reduce this information asymmetry. Accordingly, ***we support the proposal to require an issuer to furnish disclosure on Form SR within one business day of execution of a share repurchase order.*** We believe that this requirement would be helpful in reducing this information asymmetry by reducing the delay in stock repurchase information being relayed to investors and absorbed by the market. We do not believe this would represent a significant burden to the issuer. It is a cost an issuers’ investors are willing to bear.

In addition to reporting on Form SR, we support the proposal to require issuers to provide disclosure of daily repurchases in an exhibit to the periodic reports. Form SR would provide the timely information that investors need; the exhibit to the periodic reports would provide the same

³ See, for example, research summarized in [Stock Buyback Motivations And Consequences: A Literature Review](#), Alvin Chen and Olga A. Obizhaeva, CFA Research Foundation, 2022.

information on a cumulative basis in each periodic filing, and in a manner that can be easily reconciled to Form SR.

We also recommend disclosing the number of shares remaining to be purchased pursuant to any publicly announced plans or programs in Form SR as well. This would enable investors to readily understand the status of these programs on a timely basis, as repurchases are made.

Additional Disclosures Should be Required

Require Public Announcement of Share Repurchase Plans

We strongly support a requirement for all issuers to publicly announce open market share repurchase plans. Such repurchase plans form an integral part of a company's capital management plan, and as such, the announcement of such a plan, followed by a detailed discussion regarding the rationale for such a plan in the periodic financial statements, would provide important information to investors

Require Disclosure of Share Repurchases Relationship to Capital Strategy, Share Repurchase Fund Sources, and Impact of Repurchases on Key Ratios

Shareowners and investors also would benefit from understanding the relationship between the amounts spent on buybacks and the decision-making and governance processes that guide capital expenditures. Accordingly, we support the proposed requirement for issuers to provide disclosure in the periodic reports regarding the objective or rationale for its share repurchases and process or criteria used to determine the amount of repurchases. In addition to this, we also recommend adding a requirement to provide qualitative disclosures in the periodic reports on how share repurchases are financed, i.e., the sources of funds for the repurchase; and how stock buybacks fit within the company's overall capital allocation strategy. Such disclosure should include, for example, a discussion of what other uses were considered for the funds being used for the share repurchase; the reasons for deciding to fund stock repurchases rather than using the money to reduce existing indebtedness, to finance R&D, to hire new employees, or to increase compensation paid to employees; and a comparison of funds expended and authorized to be expended on stock buybacks as compared to funds expended and expected to be expended on reinvestment in the company's long-term growth. Also, the issuer should be required to discuss with specificity the anticipated impact on leverage ratios and the cost of capital.

This information will allow investors to better understand whether the long-term growth of the company is being compromised, either through increased debt or reduced re-investment, in order to fund stock buybacks. Simply put, both companies and investors must consider whether returning cash to shareholders instead of reinvesting in the business will lead to a long-term drag on earnings.⁴

⁴ Note: Starbucks announced suspension of its share repurchase program on April 4, 2022, indicating a number of reasons related to the future of Starbucks and its investment in the business and its people:
[Starbucks suspends stock buyback program as Howard Schultz takes command - CBS News](#)
[Message from Howard Schultz: On the Future of Starbucks](#)

We also believe that companies should be encouraged to present this information graphically, to the extent possible — for example, using a pie chart to display a comparison of capital outlays between buybacks, dividends, internal investments, and acquisitions.

Require Disclosure of Efficacy of Share Repurchase Plans

Companies often repurchase shares today only to issue shares in the future, and sometimes these issuances can be at a considerably lower price than the price paid to repurchase shares – resulting in a loss to the organization. We would encourage the SEC to require a five-year “lookback” disclosure in the periodic reports that shows the average annual repurchase price of shares as well as the price per share received pursuant to new issuances as well as from stock compensation programs. This would enable investors to assess more easily management’s performance with regard to stock repurchase and capital allocation decisions.

Disclose Interaction Between Share Repurchases and 10b5 Plans

We support the proposed disclosure of policies and procedures related to purchases and sales of an issuer’s securities by its officers and directors during a repurchase program, including information regarding how material nonpublic information is controlled for. We also support the proposals for additional disclosures regarding whether repurchases were made pursuant to a plan that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) given that this information is not currently required today. Such disclosure should include information regarding the adoption, modification, suspension, or termination of 10b5-1(c) plans, and the maximum number of shares planned for sale under a 10b5-1(c) plan. In addition, we note that while Rule 10b5-1 allows senior company executives to set up plans with a pre-established formula to trigger stock sales at times when they do not have access to inside information, such executives also have the ability to cancel or pause those sales without disclosing that change in plan to the SEC or the public. We believe that such pauses or cancellations in a planned repurchase pursuant to a 10b5-1(c)-compliant plan should also be disclosed.

Such additional disclosures would be useful to investors as it would provide them with a more complete picture of issuer repurchases and executive and director purchases and sales. Investors would be able to better understand how an issuer’s repurchases are integrated with its Rule 10b5-1 plans and would therefore be able to see the full picture of stock repurchases and executive sales. This information would allow investors to better understand how an issuer has structured its repurchase plan and whether it has taken steps to prevent officers and directors from potentially benefiting from issuer repurchases in a manner that is not available to regular investors, as well as whether repurchases are driven by opportunistic behavior or are otherwise potentially inefficient.

Impact of Share Repurchases on EPS and Stock Compensation Plans Should be Disclosed

As many researchers have noted, share repurchases can make the difference in meeting preset earnings per share targets or other metrics used in executive stock compensation programs. For this reason, we support disclosure enhancements to improve investor awareness of the effect of share repurchases on per-share measures including earnings per share. Specifically, we recommend mandatory disclosure in the periodic reports of whether EPS and other similar performance targets have been adjusted to “back out” the impact of share repurchases.

Requirements Should Apply to All Entities Equally

As a general matter, we would be concerned with an approach that would establish, or expand, a differential disclosure regime for different sized entities. We have previously articulated our views regarding different reporting requirements with respect to private companies stating that investors will factor the differences in disclosure into their price determinations – that is, they will price the lack of transparency, clarity, and comparability in what may be perceived to be lower-quality requirements. Our views are similar for a more scaled SEC disclosure regime for smaller reporting companies, emerging growth companies, and other entities. It is our view that the SEC overweights the cost of compliance with the rules and underweights the increased cost of capital for entities exempted from the rules. Accordingly, we are opposed to any proposed exemptions.

XBRL Should be Leveraged

CFA Institute views the expanded use of XBRL as an opportunity to leverage data, enhance analysis, and facilitate company comparisons. Accordingly, we support the inclusion of all disclosures under these rules in an XBRL format. Specifically, we support the proposal to require issuers to include block text tagging of narrative disclosures, as well as detailed tagging of quantitative amounts disclosed within the narrative and tabular disclosure required by Item 703 of Regulation S-K, Item 16E of Form 20-F, Item 9 of Form N-CSR, and Form SR in Inline XBRL.

Thank you for your consideration of our views and perspectives. We would welcome the opportunity to meet with you to provide more detail on our letter. If you have any questions or seek further elaboration of our views, please contact me by email at sandra.peters@cfainstitute.org or by phone at 347.413.0774.

Sincerely,

/s/ Sandra J. Peters

Sandra J. Peters, CPA, CFA
Senior Head, Advocacy
CFA Institute

SHARE REPURCHASE DATA



Stock Repurchases in The United States: A 10-Year Analysis
<https://www.calcbench.com/home/pdf?name=Calcbench-Buybacks-3-2022-Final.pdf>


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Share buyback programs have been all the rage on Wall Street as a means to boost EPS. In September 2021 we shared that several companies account for a big chunk of spending on share buybacks. <https://lnkd.in/dSu2QD-w>

In our recent report, we quantified share buyback spending from seven companies over the last decade. The number is eye-popping.
<http://ow.ly/MSQU50iftxu>

#apple
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Want to understand which companies are spending the most on share buybacks? Interested in when share buybacks have been accelerated, when they have retrenched? Looking to decipher whether repurchase programs really are the best use of company capital?

Many thanks to our guest blogger, [Jason Voss, CFA](#), for his deep dive on Share Buybacks over the past 10 years. Here's the first of several blogs on this topic with some of the key trends.

<https://lnkd.in/dGci8Q6T>

#buybacks
 #sharebuybacks



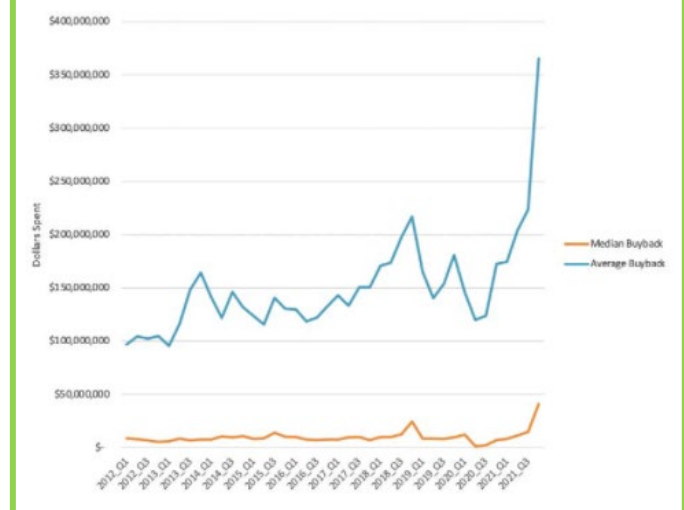
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We're wrapping up our series on stock repurchase programs with analysis from [Jason Voss, CFA](#).

Read about the eye-popping findings in our 10-year report, learn how to analyze stock repurchases, understand whether it's the best use of a firm's capital in our latest post.

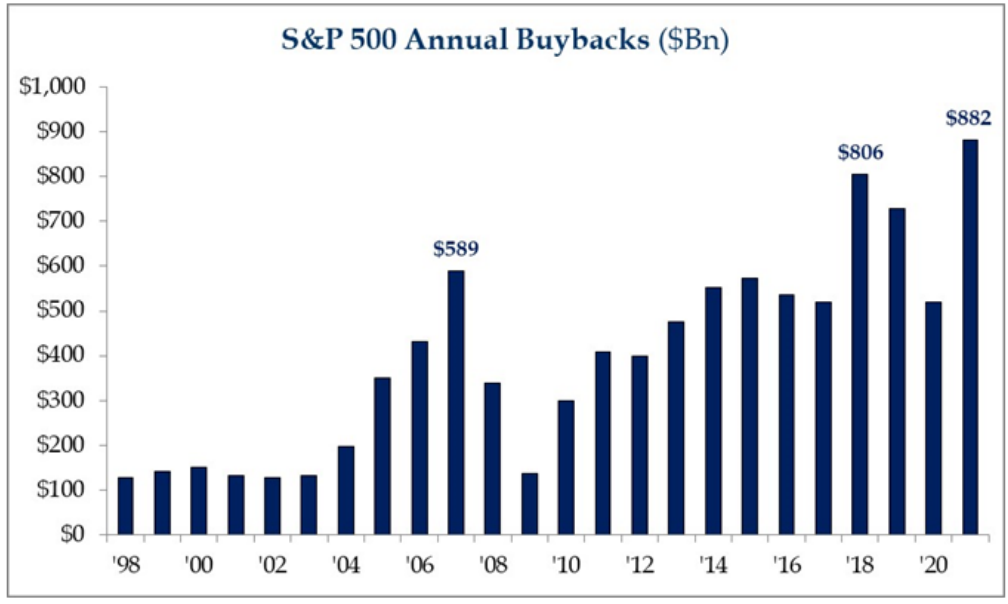
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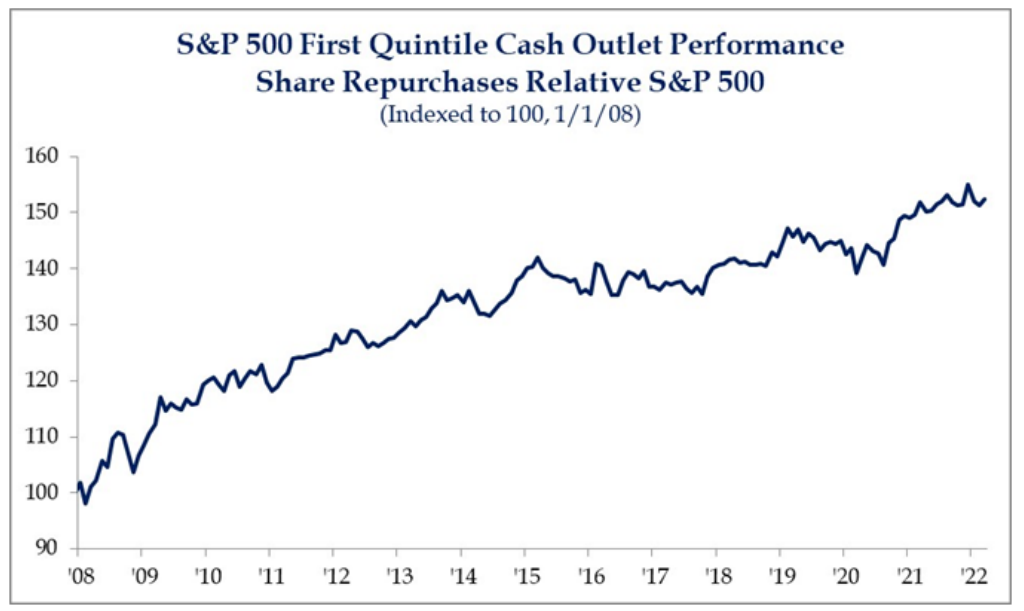
2021 Was A Record Year For Buybacks

During the fourth quarter, companies continued to buyback stock at a record pace, ahead of any expected potential policy changes for 2022. 4Q'21 share repurchases set a record of \$270.1 billion, up 15% from 3Q'21's previous record of \$234.6 billion. This was more than double 4Q'20 with the full year coming in at \$882 billion, exceeding the previous annual record of \$806 billion.



Companies Buying Back Stock Continue To Grind Higher

The performance of those companies buying back stock continue to grinder higher relative to the S&P 500. Since 2008, they have outperformed the S&P 500 by more than 50%, by far the most rewarded use of cash of the major outlets.



INDIVIDUAL QUESTION RESPONSES

Proposed Form SR

1. Should we adopt new Form SR to require daily repurchase disclosure, as proposed? Would less frequent disclosure of daily share repurchases (e.g., weekly, monthly, or quarterly disclosure) provide sufficiently timely information about issuer repurchases? Would less detailed disclosure (e.g., aggregated disclosure of repurchases on a weekly or monthly basis, rather than daily), that is furnished more frequently than under current Item 703, provide sufficiently useful disclosure? Instead of adopting Form SR, should we amend Form 8-K or another existing form to require daily repurchase disclosure?

We agree that the Commission should adopt the new Form SR to require daily repurchase disclosure, as proposed. We believe less frequent disclosure does not provide sufficiently timely information. We do not support providing this information via Form 8-K.

2. Should we instead require an issuer to disclose its share repurchase program and continue to report actual share repurchases on a periodic basis? If so, should we require the issuer to disclose its planned share repurchases at least 30 days prior to the first repurchase transaction? Would a different disclosure deadline be more appropriate? Should the disclosure specify the amount of securities that may be purchased or any additional information? How would the burden of complying with such requirements compare with the burdens of complying with proposed Form SR? In reporting actual share repurchases under this approach, should we require the periodic disclosure to be broken out on a monthly basis, as currently required under Item 703 of Regulation S-K, Item 16E of Form 20-F, and Item 9 of Form N-CSR, or should we expand the disclosure to require a breakout of repurchase activity on a more frequent basis?

As described in the body of our letter, we believe that more timely reporting of stock repurchases (i.e., within one business day of the repurchase) is needed. Accordingly, we do not support any of the alternative approaches described above. In addition, we believe that issuers should also be required to disclose on Form SR the number of shares remaining to be purchased pursuant to any publicly announced plans or programs, so that investors can better understand where issuers are in the life cycle of any publicly announced plans or programs.

3. Should we amend issuers' exhibit filing requirements to require issuers to provide daily, weekly, or biweekly repurchase disclosure in an exhibit to the issuer's periodic reports? If so, should such an exhibit requirement be in lieu of or in addition to reporting on Form SR?

We support the proposal to require issuers to provide daily disclosure in an exhibit to the periodic reports, in addition to reporting on Form SR. Form SR would provide the timely information that investors need; the exhibit would provide the same information on a cumulative basis in each periodic filing. We believe that disclosing the daily amounts in the exhibits to the

periodic reports would most easily reconcile to previously filed Forms SR; however, we do not object to weekly, biweekly, or monthly disclosures in the exhibits.

4. Should we require disclosure of executed share repurchase orders on Form SR, as proposed? Are there concerns that executed orders may fail to settle and that issuers would not be able to accurately disclose the shares purchased on the next business day? How frequently do executed orders fail to clear and settle? Should we base the requirement on something other than order execution? For example, should we require issuers to furnish Form SR within one business day after the order clears and settles and the issuer receives trade confirmation?

We support the disclosure of executed share repurchase orders on Form SR, as proposed. We believe that instances where orders fail to settle will be infrequent; should such an instance occur, we believe that issuers can furnish an amended Form SR.

5. Should we require an issuer to furnish disclosure on Form SR within one business day of execution of a share repurchase order, as proposed? Would issuers have sufficient time to prepare and furnish such disclosure? If not, how long should an issuer have to furnish Form SR? How would a longer time period to furnish Form SR impact the costs associated with preparing the disclosures and the benefits to investors of more timely disclosure? Would a longer period compared to the proposal (e.g., two days, five days, ten days or more) still provide timely information about issuer repurchases? Would the proposed deadline for furnishing Form SR negatively impact issuers' ability to effectively conduct share repurchases, such as by increasing the price issuers may have to pay to repurchase their securities?

We support the proposal to require an issuer to furnish disclosure on Form SR within one business day of execution of a share repurchase order. We believe this will not impose an undue administrative burden on issuers, as it is essentially a minor extension of other internal record-keeping that is required; nor do we believe this will negatively impact issuers' ability to effectively conduct share repurchases. As the Commission correctly observes, there currently exists information asymmetry between issuers who repurchase their own securities, and who therefore typically have significantly more, and more detailed, information about the issuer and its future prospects, than investors. We believe that the proposal would be helpful in reducing this information asymmetry by reducing the delay in stock repurchase information being relayed to investors and absorbed by the market.

6. As discussed above, proposed Form SR would require daily reporting of the total number of shares repurchased, the average price paid per share, issuer share repurchases on the open market, shares purchased in reliance on the safe harbor in Rule 10b-18, and shares purchased pursuant to a plan that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). Should we adopt these Form SR disclosure requirements, as proposed? Should we eliminate or modify any of these requirements? Should we add any disclosure requirements to Form SR, such as disclosure of the highest and lowest price paid per share for open market purchases or any other information?

We support the Form SR disclosure requirements as proposed. We also recommend disclosing the number of shares remaining to be purchased pursuant to any publicly announced plans or programs in Form SR as well.

7. Should we require issuers to furnish an amended Form SR to correct material changes to transactions previously reported on Form SR, as proposed? Alternatively, should we require all corrections to be made on an amended Form SR, regardless of materiality?

We support the proposal to furnish an amended Form SR to correct only material changes to transactions previously reported on Form SR.

8. We have proposed that foreign private issuers would have the same Form SR filing obligations as domestic issuers. Should we exempt all foreign private issuers from the requirement to file a Form SR or provide different requirements? We note that some foreign private issuers are required to provide daily detailed disclosure in their home jurisdictions. To the extent these issuers file public reports pursuant to their home country requirements with respect to share repurchases, some also file those reports under Form 6-K where the issuer deems those reports material to investors. Should we exempt these foreign private issuers from the Form SR requirement?

We do not support an exemption from the Proposed Rule for foreign private issuers. Investors must have the ability to compare companies regardless of whether they are domestic or foreign filers.

9. Should we exempt or provide different requirements for registered closed-end funds from the Form SR requirements? Those funds already provide share repurchase disclosure less frequently than most other issuers subject to the disclosure requirement in that they disclose the information semi-annually rather than quarterly. Would less frequent disclosure continue to be appropriate for these issuers or, conversely, would investors benefit from the more frequent disclosure on Form SR? Alternatively, because the proposal would only apply to issuers with securities registered pursuant to Section 12 of the Exchange Act, it would only apply to those registered closed-end funds with securities that trade on an exchange. Should we expand the scope of covered registered closed-end funds to more closely match the scope of corporate issuers subject to repurchase disclosure requirements by applying the requirements to registered closed-end funds that would be subject to Section 12(g) of the Exchange Act but for Section 12(g)(2)(B) (15 U.S.C. 78l(g)(2)(B)), which exempts them from the requirement to register their securities under that section unless they are listed on an exchange?

We do not support exempting closed-end funds from the proposal. We observe that many closed-end funds repurchase shares when the market price is below Net Asset Value (“NAV”), and/or to increase NAV for remaining shareholders. Given the close relationship between share repurchases and NAV, we believe that it is arguably more important for closed-end funds to disclose quantitative and qualitative information regarding planned and actual repurchases.

10. We have observed that smaller issuers generally conduct fewer issuer share repurchases, but that smaller issuers tend to trade in less liquid markets where share repurchases may have more pronounced impacts. Should we consider an exemption from the proposed Form SR reporting requirement for non-accelerated filers, smaller reporting companies, or emerging growth companies?

We do not support an exemption from the Proposed Rule for non-accelerated filers, smaller reporting companies, or emerging growth companies. Investors must be able to compare companies across an industry regardless of an issuer's size or filing status.

11. Should we provide a de minimis exception to the Form SR reporting requirement for share repurchases that are below a certain level? Should any such threshold be based on a dollar threshold, share number, a percentage of public float, or another metric? If so, what level would be appropriate and why?

We do not oppose some de minimis exception – given it is truly de minimis relative to the number of shares, percentage of public float or market cap of the company. That said, all daily items would need to be included in revised Item 703 provided on a periodic basis.

12. Should we require that Form SR be furnished, as proposed? Alternatively, should we require the form to be filed? Should a late or missing Form SR filing affect an issuer's Form S-3 eligibility or eligibility to file a short-form registration statement on Form N-2? Alternatively, would extending the timeframe for providing Form SR (e.g., to one day after settlement, or two or more business days after order execution) alleviate concerns such that we should require the Form SR to be filed rather than furnished? As proposed, Form SR would be furnished to the Commission, but the Item 703 disclosure would be filed as part of the periodic report. Should repurchase information in the Form SR be subject to different liability than disclosure in issuer periodic reports?

We believe it is sufficient for Form SR to be furnished to the Commission, as proposed. In addition, we believe that Item 703 should continue to be filed as part of the periodic report. We do not believe that a late or missing Form SR filing should affect an issuer's Form S-3 eligibility or eligibility to file a short-form registration statement on Form N-2.

In addition, we are not opposed to extending the timeframe for providing Form SR to either one day after settlement, or two or more business days after order execution.

Proposed Revisions to Item 703, Form 20-F, and Form N-CSR

13. Many issuers voluntarily choose to announce their share repurchase plans or programs publicly. Item 703 currently requires disclosure of the date each plan or program was announced if the issuer did publicly announce it. Should we clarify what constitutes an announcement for purposes of the disclosure requirement? For example, should the announcement have to have been made in a Form 8-K, another existing form, or press release? Should we require all open market share repurchase plans to be publicly announced?

We strongly support a requirement for all issuers to publicly announce open market share repurchase plans. Such repurchase plans form an integral part of a company's capital management plan, and as such, the announcement of such a plan, followed by a detailed discussion regarding the rationale for such a plan in the periodic financial statements, would provide important information to investors.

14. We have proposed requiring issuers to indicate via the proposed checkbox if any officer or director reporting pursuant to Section 16(a) of the Exchange Act purchased or sold the issuer's equity securities that are the subject of an issuer share repurchase plan or program within 10 business days before or after any announcement of an issuer purchase plan or program. How would investors use this information? Would the proposed requirement discourage issuers from publicly announcing plans or programs? Is there other information in combination with, or instead of, this disclosure that could notify investors and help them process information regarding officer and director transactions made close in time to the issuer's share repurchase plan announcement? If an issuer doesn't publicly announce its repurchase plan, should the issuer be required to check the box if there are officer or director transactions within a certain time from the initiation of the repurchase plan or program (for example, within 10 business days of initiation)?

We support this proposal because it will allow investors to more fully understand how officer and director stock purchase and sale activities interrelate with an issuer's share repurchase program. We do not believe that such a requirement should discourage issuers from publicly announcing plans or programs if such plans or programs have been thoughtfully designed as legitimate capital management tools. While we believe all share repurchase plans and programs should be required to be announced, if this is not the case, we support the requirement for the issuer to "check the box" if there are officer or director transactions within a maximum of 10 business days from the initiation of the repurchase plan or program.

15. Is a 10-business-day period before or after the announcement an appropriate window for the proposed indication about officer and director transactions? Would a shorter or longer period provide more appropriate notice to investors and cover a sufficient time period where an insider may be most likely to trade in relation to the issuer's announcement of a share repurchase plan? Should we add a proposed checkbox to Form SR, in lieu of or in addition to Item 703, Form 20-F, and Form N-CSR?

We support the 10-business-day window before or after the announcement of a share repurchase plan, but we believe the Commission should consider whether this same window around share repurchase execution should be implemented. We would draw attention to the comments made on this topic in a [letter submitted to the SEC on the Proposed Rule by Lenore Palladino Assistant Professor of Economics & Public Policy at the University of Massachusetts Amherst](#)

16. Issuers would need to rely on representations from, or Section 16 reports filed by, their officers and directors to indicate whether any officer or director has purchased or sold the issuer's securities in the relevant time period. Should we provide guidance about the issuer's scope of inquiry and explain what an issuer may rely on for purposes of complying with the checkbox requirement?

We believe this a question best answered by legal counsel.

17. Should we require issuers to describe the objective or rationale for their share repurchases and process or criteria used to determine the amount of repurchases, as proposed? How would investors use this information? Should we also require information regarding how share repurchases are financed or their anticipated or actual impact on leverage ratios or the cost of capital? Should we ask issuers to disclose if they specifically considered other uses for the funds being used for the share repurchase? Is there additional disclosure regarding the reasons for, or expected effects of a share repurchase plan that should be required? Would this proposed requirement result in boilerplate disclosure?

We strongly support the proposal for issuers to describe the objective and rationale for their share repurchases, as well as the process and criteria used to determine the amount of purchases. We also support a requirement to provide information regarding how share repurchases are financed, their anticipated impact on leverage ratios and the cost of capital, and what other uses were considered for the funds being used for the share repurchase. We are concerned that this proposal could result in boilerplate disclosure; we believe the SEC should monitor these disclosures carefully and encourage more meaningful disclosure via its comment letter process.

18. Proposed Item 703 and proposed Form SR would require issuers to disclose whether repurchases were made pursuant to a plan that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). Does the proposal require an appropriate level of detail regarding Rule 10b5-1 plans? Should this disclosure additionally contemplate repurchases made pursuant to "other pre-arranged trading plans" that issuers may seek to rely on in lieu of Rule 10b5-1 plans? How should we define "other pre-arranged trading plans" in this circumstance? How would investors use information regarding these plans?

We support the proposal to require whether repurchases were made pursuant to a plan that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) given that this information is not currently required today. We also support public disclosure of the adoption, modification, suspension, or termination of 10b5-1 plans, and the maximum number of shares planned for sale under a 10b5-1 plan. In addition, we note that while Rule 10b5-1 allows senior company executives to set up plans with a pre-established formula to trigger stock sales at times when they do not have access to inside information, such executives also have the ability to cancel or pause those sales without disclosing that change in plan to the SEC or the public. We believe that such pauses or cancellations in a planned repurchase pursuant to a 10b5-1(c)-compliant plan should also be disclosed. Investors would be able to better understand how an issuer's repurchases are integrated with its Rule 10b5-1 plans and would therefore be able to see the full picture of stock repurchases and executive sales.

19. Proposed Item 703, and proposed Form SR would require disclosure of whether shares were purchased in reliance on the safe harbor in Rule 10b-18. How would investors use this information? Is the use of the term “purchased in reliance on the safe harbor” sufficiently clear?

We believe most issuers would make this safe harbor disclosure as a matter of course. While not including the statement may indicate greater confidence that no safe harbor is needed, it seems unlikely that this would be a course of action supported by most in-house legal counsel so the question may be moot.

20. How would investors use the proposed disclosure regarding any policies and procedures relating to purchases and sales of the issuer’s securities by its officers and directors during a repurchase program, including any restriction on such transactions? Should we require disclosure of broader policies and procedures related to a repurchase program, for example, how material nonpublic information is controlled for or potential impacts, if any, on executive compensation metrics? Is there additional information about repurchase plans and trading by insiders that we should require to be disclosed?

We support the disclosure of policies and procedures related to purchases and sales of an issuer’s securities by its officers and directors during a repurchase program, including information regarding how material nonpublic information is controlled for or potential impacts on executive compensation metrics. Such information could shed light on whether stock repurchases are driven by management incentives, such as seeking to increase the share price prior to an insider sale, or to change the stock-based compensation awards. This information would allow investors to better understand how an issuer has structured its repurchase plan and whether it has taken steps to prevent officers and directors from potentially benefiting from issuer repurchases in a manner that is not available to regular investors, as well as whether repurchases are driven by opportunistic behavior or are otherwise potentially inefficient. In addition, we support disclosure enhancements to improve investor awareness of the effect of share repurchases on per-share measures including earnings per share. Specifically, we recommend mandatory disclosure in the periodic reports of whether EPS and other similar performance targets have been adjusted to “back out” the impact of share repurchases.

21. In this release, we are proposing amendments to require an issuer to disclose whether it repurchased its securities pursuant to a Rule 10b5-1 plan, and if so, the date that such a plan was adopted or terminated. We also are proposing amendments to Item 703 to require disclosure of any policies and procedures the issuer has established relating to purchases and sales of its securities by its officers and directors, including any restriction on such transactions. In a separate release described in note 21 above, we are proposing new Item 408 under Regulation S-K and corresponding amendments to Forms 10-Q and 10-K to require: (1) quarterly disclosure of the use of Rule 10b5-1 and other trading arrangements by a registrant, and its directors and officers, for the trading of the issuer’s securities; and (2) annual disclosure of an issuer’s insider trading policies and procedures. If the Commission adopts both the proposed Item 703 and Item 408 amendments, are there opportunities to streamline or simplify overlapping disclosure requirements that may apply to an issuer’s repurchase

plan? If so, which provisions should we eliminate or how should we modify the proposed disclosure requirements?

We are not aware of any opportunities to streamline the proposed disclosure requirements.

22. As proposed, disclosure of issuer share repurchases would be required on a daily basis on Form SR. In addition, Item 703 would continue to require monthly summary disclosure of share repurchases that would be similar to, but not the same as, Form SR tabular disclosure. What are the costs and benefits of providing this disclosure as proposed? Do these different sets of share repurchase disclosures provide distinctly valuable information for investors and market participants? Should there instead be more alignment between Item 703 and Form SR tabular data? Alternatively, should we adopt a subset of the proposed disclosures, such as: • Only Form SR; • Form SR and Item 703 and Forms 20-F and N-CSR, amended as proposed, but without monthly data; • No Form SR, but Item 703 and Forms 20-F and N-CSR, amended as proposed and including daily, weekly, or bi-weekly repurchase disclosure; or • No Form SR, but Item 703 and Forms 20-F and N-CSR, amended as proposed, with an exhibit providing daily detail about share repurchases made during the period covered by the report?

We support disclosure of issuer share repurchases on a daily basis on Form SR, and disclosure via Item 703 (and the corresponding provisions in Forms 20-F and N-CSR) providing daily and cumulative disclosure of share repurchases filed with periodic reports, for all issuers (i.e., no exemptions for foreign private issuers, non-accelerated filers, smaller reporting companies, or emerging growth companies). Reporting daily repurchases on both forms would better align the information for investors. However, we are not opposed to reporting repurchases on Item 703 on a different basis if that is administratively less of a burden for issuers.

23. We have not proposed exemptions or different requirements from the proposed revisions to Item 703, Form 20-F, and Form N-CSR for foreign private issuers, registered closed-end funds, non-accelerated filers, smaller reporting companies, or emerging growth companies. Should we exempt or provide different requirements from some or all of the proposed amendments for these or other classes of issuers?

We do not support exemptions from the proposed requirements for foreign private issuers, registered closed-end funds, non-accelerated filers, smaller reporting companies, or emerging growth companies.

24. Do the changes we are proposing simplify and clarify Item 703 and the corresponding provisions in Forms 20-F and N-CSR? Are there other changes we should consider to clarify the share repurchase disclosure requirements?

We believe the proposals regarding the share repurchase disclosure requirements are clear.

Structured Data Requirement

25. Should we require issuers to include block text tagging of narrative disclosures, as well as detail tagging of quantitative amounts disclosed within the narrative and tabular disclosure required by Item 703 of Regulation S-K, Item 16E of Form 20-F, Item 9 of Form N-CSR, and Form SR in Inline XBRL, as proposed? Are there any changes we should make to promote accurate and consistent tagging? If so, what changes should we make?

We support the proposal to require issuers to include block text tagging of narrative disclosures, as well as detailed tagging of quantitative amounts disclosed within the narrative and tabular disclosure required by Item 703 of Regulation S-K, Item 16E of Form 20-F, Item 9 of Form N-CSR, and Form SR in Inline XBRL.

26. Should we modify the scope of the repurchase disclosures required to be tagged? For example, should we only require tagging of the quantitative repurchase disclosures?

We support tagging of both quantitative and qualitative repurchase disclosures, as noted in the response to Question 25 above.

27. Should we require issuers to use a different structured data language to tag repurchase disclosures? If so, what structured data language should we require? Should we leave the structured data language undefined?

We support tagging using Inline XBRL as this language is the industry standard.

28. We have not proposed exemptions or different requirements from the proposed structured data requirement for foreign private issuers, registered closed-end funds, non-accelerated filers, smaller reporting companies, or emerging growth companies. Should we exempt or provide different requirements from some or all of the proposed amendments for these or other classes of issuers?

We do not support exemptions from the proposed structured data requirement for foreign private issuers, registered closed-end funds, non-accelerated filers, smaller reporting companies, or emerging growth companies.

Economic Analysis (Questions 29-40)

We strongly believe that investors will benefit from the additional information that will be provided via the proposed requirements and our supplemental suggestions for disclosure. Timely information regarding the amount of repurchases made and the amount remaining under publicly announced plans, contextualized with disclosure in the periodic reports regarding why management believes the buybacks represent the most effective use of capital, as well as the anticipated impact of such buybacks on the company's leverage and stock compensation plans, will prove beneficial to investors. We do not believe the costs of complying with the proposed requirements will be unduly burdensome to issuers; at most, we see this as a minor incremental administrative burden, the cost of which is, in any event, ultimately borne by shareholders and investors.