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Manager
[redacted]

FCM

Freeman Capital Management LLC

July 24, 2022

Vanessa A. Countryman,
Secretary
Securities and Exchange Commission
100 F St. NE
Washington, D.C. 20549

RE: Investment Company Names—File No: S7-16-22

Commissioners,

Freeman Capital Management LLC's (the "Company", "us", "we") core regulatory interest is the promotion of fair securities regulations which balance the need to protect investors and other market participants with the costs and reductions of competition that are endogenous with an increase in a regulatory framework. As such, we ask that the Commissioners consider the following comments regarding the proposed regulatory changes on Investment Company Names.

80% Test Comments

We believe that extending the 80% test to strategies would be beneficial to investors and market participants; however, we firmly disagree with the proposed rules implementation.

The proposed rules as written would exponentially increase fund's administrative and compliance requirements more than the benefits received by the change. Under the proposed rules, it is likely that many small or innovative new funds will be burdened by heavy legal and compliance costs to determine that their name is allowable under these regulations. Additionally, it is likely that these funds will be required to continue these burdensome expenses to ensure ongoing compliance. We believe this could be remedied by providing regulations providing a quantitative safe harbor for funds—e.g. a value fund could find a safe harbor by providing certain industry standard models which show that the equity is likely trading at a discount to its current worth and thus should be classified as a value stock. As these models will likely be developed in determining an investment opportunity, it is likely that these modifications would significantly reduce compliance costs while providing the same ultimate objective to the investor.

We firmly disagree with the proposed rules requiring funds to use a derivative's notional amount rather than the market value. We believe neither the notional amount nor the market value is suitable for all funds. For example, consider a fund named "Freeman 500 Put Writing" ("Put

Fund") which seeks to gain its return from selling puts. Suppose Put Fund had one hundred million dollars in assets under management and sold at the money puts on the S&P 500 with a notional value equal to the assets under management. Suppose further that Put Fund buys an out of the money put option of comparable tenor and invests the remaining cash in Treasury or other low risk, highly liquid bonds ("T-Bills"). Then that Put Fund due to the bought put option, which arguably protects investors, has twenty million in notional value exposed to the S&P 500 and the remaining is in T-Bills. Ostensibly, under the proposed rules Put Fund would be in violation, despite objectively meeting the stated goals in the name. More worrying to the Commission is that Put Fund could be named "Freeman T-Bills" despite having significant unstated market risk to the S&P 500. A real-world case where the market pricing test would not work is the Cambria TAIL ETF. The fund's implied and intentional purpose is to protect investors against a precipitous decline in value of the S&P 500 through listed index options; however, under the market pricing test TAIL would be 99% US Treasury Notes. Additionally, under the notional derivative test, the portfolio would only have 50% of its assets invested in its fund objective. This same issue would be reflected in a fund which uses synthetic derivative exposure to replicate the objective strategy and invest the cash balance in T-Bills would not meet the 80% rule.

Sincerely,
Jake Freeman