

September 25, 2025

Ms. Vanessa Countryman  
Secretary  
Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549-1091

Subject: **File No. SR-CboeBZX-2025-072 and File No. SR-NYSE-2025-20.**

Re: : **Order Instituting Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change To Exempt Closed-End Management Investment Companies Registered Under the Investment Company Act of 1940 That Are Listed as of or After May 20, 2025 From the Annual Meeting of Shareholders Requirement Set Forth in Exchange Rule 14.10(f) (Release No. 34-103824; File No. SR-CboeBZX-2025-072)**

**Order Instituting Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change Amending Section 302.00 of the NYSE Listed Company Manual to Exempt Closed-End Funds Registered Under the Investment Company Act of 1940 from the Requirement to Hold Annual Shareholder Meetings (Release No. 34-103931; File No. SR-NYSE-2025-20)**

Dear Ms. Countryman:

The CBOE/NYSE proposal is an emergency intervention, preventing smart, hedged activists from “running the table” and destroying closed-end funds.

Simply put, the historic place and mission of Closed-End Funds is being undermined by a gaggle practicing short-term value extraction to the detriment of a much larger picture.

I've sent my succinct, simple video **Closed-End Controversy: Short-Term Value Extraction Versus Long-Term Value Creation** to many academics (including some who have provided SEC comments) that have written on the subject.

Here's the video:

4 ½ minutes long, succinct and thought provoking.

<https://www.youtube.com/watch?v=NzZWQVmCpCs>

Activists have also worked to create "Discount Stigma". I review the positive appeal of discounts here:

**Discount Stigma - Value for Money**

<https://youtu.be/Y7Ed4t68aHU?si=o7jUVZ6glXecNXQK>

As the longest tenured active participant, specializing in closed-end funds for over 40 years I have spoken to thousands of investors 'who rely on closed-end funds for income and long-term capital gains'. Many have owned their closed-end funds for decades and bequeathed their shares to children and grandchildren.

I have also worked with professional advisors who specialize in "trading around" closed-end fund discounts as well.

The ICI synopsis, <https://www.ici.org/system/files/2024-05/cef-activism.pdf> summarizes, *"More than 40 percent of all CEFs have been targeted by the three most engaged activist shareholders since 2015, and as of December 2024, they held shares in 44 percent of all CEFs"*

The notion that 3 activists represent "Mom and Pop Investors" is absurd. Activist boasts that they are hedged on their Closed-End Fund investments do not align them with most shareholders.

Allowing a privileged class of accredited investors in activist hedge funds who *"have exploited a section 12 loophole of the Investment Company Act"*<sup>1</sup> needs to be corrected.

Protecting Closed-End Fund Investors: A Call to Amend 1940 Act Section 12(d) (1) (A) <sup>2</sup>states, "...as hedge fund advisers circumvent this restriction by creating multiple funds that they use to acquire an aggregate amount of stock without tripping the limit any one hedge fund is permitted to purchase."

Also, does everything have to be short term?

Mutual funds ETFs will all be forced to sell in distressed markets. This is particularly onerous as the market keeps reaching new all-time highs. The exit door will be overwhelmed and potentially cause additional calamity and volatility. Closed-end fund's investment structure allows portfolio managers to avoid panic selling. In fact, closed-end funds may be able to buy and not sell during distressed periods. Preserving this structure is essential to maintain investor/consumer choice and enable these investors not to be herded along with the masses.

Thank you for allowing me to comment.

Sincerely,

David I. Schachter

<sup>1</sup> "Beware Retirees, Hedge Funds are Coming for Your Investments", Danielle Zanzalari, Daily Courier, June 17, 2024

<sup>2</sup> "Protecting Closed-End Fund Investors: A Call to Amend 1940 Act Section 12(d) (1) (A)", Rose F. DiMartino, The Investment Lawyer, January 2019

Most academics and studies which were quoted as well as providing comments on the NYSE proposal to eliminate Closed-End Fund's annual meeting have been negative, against the proposal.

I want to debunk academic studies and their plethora of citing's from those decrying the proposal as being a wise source to engage in critical issues concerning Closed-End Funds.

In 2004, I wrote:

"If nothing else, closed-end funds are a conundrum. They have existed for centuries and have been the subject of many an investment thesis. Despite extensive research, no one can fully explain the inefficiencies of how they trade. **(We facetiously propose a study to study the number of studies prepared regarding closed-end funds)**. The disparity between a closed-end fund's underlying net asset value and its market price remains largely open to continued academic study."

(If you don't believe me, go to Google Scholar and search closed-end funds. Start reading the 46,400 results and you might finish before the end of the decade!)

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