SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103166; File No. SR-CboeBZX-2025-072]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing of 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)

June 2, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on May 20, 2025, Cboe BZX Exchange, Inc. (the "Exchange" or "BZX") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

Cboe BZX Exchange, Inc. ("BZX" or the "Exchange") is filing with the Securities and Exchange Commission ("Commission" or "SEC") 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). The text of the proposed rule change is provided in Exhibit 5.

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

The text of the proposed rule change is also available on the Exchange's website (http://markets.cboe.com/us/equities/regulation/rule_filings/bzx/), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Exchange Rule 14.10(f) requires that each Company[3] listing common stock or voting preferred stock, and their equivalents, shall hold an annual meeting of Shareholders[4] (hereinafter referred to as the "annual shareholder meeting") no later than one year after the end of the Company's fiscal year-end, unless such Company is a limited partnership that meets the requirements of Rule 14.10(e)(1)(D)(iii). Now, the Exchange is proposing[5] to exempt closed-end

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3 See Exchange Rule 14.1(a)(3).

4 "Shareholder" means a record or beneficial owner of a security listed or applying to list. See Exchange Rule 14.1(a)(28).

5 The Exchange previously submitted a similar proposed rule change that proposed to exempt all closed-end funds from the annual shareholder meeting requirement. See Securities Exchange Act No. 100473 (July 9, 2024) 89 FR 579491 (July 15, 2024) (SR-CboeBZX-2024-055) (Notice of Filing of a Proposed Rule Change, as Modified by Amendment No. 1, To Exempt Closed-End Management Investment Companies Registered Under the Investment Company Act of 1940 From the Annual Meeting of Shareholders Requirement Set Forth in Exchange Rule 14.10(f)) (the "Prior Proposal"). The Commission issued an order instituting proceedings to determine whether to approve or disapprove the proposal, but the Exchange ultimately withdrew the Prior Proposal before the Commission issued a final order. See Securities Exchange Act Nos. 101322 89 FR 83724 (October 17, 2024) (Order Instituting Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change, as Modified by Amendment No. 1, To Exempt Closed-End Management Investment Companies Registered Under the Investment Company Act

management investment companies registered under the Investment Company Act of 1940 ("Closed-End Funds") listed as of or after May 20, 2025 from the requirements of Rule 14.10(f).[6] The Exchange believes that providing an exemption to the annual shareholder meeting requirement exclusively to Closed-End Funds listed as of or after May 20, 2025 achieves a balance by maintaining existing voting rights for shareholders in established funds while giving new funds an option to avoid the potentially costly and detrimental outcomes often associated with annual shareholder meetings for listed Closed-End Funds. Although the proposal would eliminate the Exchange requirement for annual shareholder meetings for Closed-End Funds listed as of or after May 20, 2025,[7] new funds would still have the option to voluntarily include annual meeting requirements in their own bylaws if they choose to do so.

Background

The annual meeting requirement applicable to Closed-End Funds originates only from exchange listing rules and is not otherwise required under the Investment Company Act of 1940

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of 1940 From the Annual Meeting of Shareholders Requirement Set Forth in Exchange Rule 14.10(f)) (the "Prior Proposal OIP"); 102327 (January 31, 2025)[sic] 90 FR 9175 (February 7, 2025) (Notice of Withdrawal of a Proposed Rule Change, as Modified by Amendment No. 1, To Exempt Closed-End Management Investment Companies Registered Under the Investment Company Act of 1940 From the Annual Meeting of Shareholders Requirement Set Forth in Exchange Rule 14.10(f)).

6 Closed-End Funds that transfer to the Exchange from another listing exchange where they were previously subject to an annual requirement would continue to be required to comply with the annual shareholder meeting requirements. As of the filing date, the Exchange does not list any Closed-End Funds; therefore, there is no proposed provision to apply the annual shareholder meeting requirements to Closed-End Funds currently listed on the Exchange.

7 Currently, no Closed-End Funds are listed on the Exchange. Existing Interpretation and Policy .15 to Rule 14.10 Rule 14.10(f) requires that each Company listing common stock or voting preferred stock, and their equivalents, hold an annual meeting of Shareholders within one year of the end of each fiscal year. Given this, any Closed-End Fund listed as of or after May 20, 2025 fund would not be required to hold an annual meeting until one year after its first fiscal year-end following listing. Therefore, funds listed on or after May 20, 2025 would not face annual meeting requirements until after the Commission's final decision on this proposal. The Exchange believes applying the proposed exemption to Closed-End Funds listed as of or after May 20, 2025 would provide potential benefits without requiring the funds to delay listing or undergo a merger or reorganization after an exemption from annual meeting requirements is adopted. This approach allows eligible funds to utilize the proposed exemption while preserving the rights of shareholders in existing Closed-End Funds. Such funds would remain subject to existing annual meeting requirements under Exchange Rules until the Commission approves an Exchange Rule that specifically exempts them from this obligation.

("1940 Act") or applicable state laws. Under Exchange Rules Closed-End Funds are the only registered investment companies that are required to hold annual shareholder meetings. Generally, the main purpose of the annual shareholder meeting is to allow Shareholders to elect the directors who are responsible for the oversight of the company and its strategic direction. The annual shareholder meeting requirement dates back to 1909 and derives from a provision included in individually negotiated listing agreements on New York Stock Exchange ("NYSE").[8] NYSE began listing investment companies in 1929, by which time the annual shareholder meeting requirement was enmeshed in its listing rules and therefore also applied to investment companies. Since that time, the annual shareholder meeting requirement has been memorialized across all listing exchange rules applicable to Closed-End Funds, including Exchange Rules.[9]

Although the annual shareholder meeting requirement dates back to 1909, the requirement was not memorialized in the 1940 Act. The 1940 Act is generally designed to protect the interests of Shareholders with respect to all critical aspects of the structure and operation of a fund. Nonetheless, when Congress considered requiring that registered investment companies hold annual meetings it declined to adopt the requirement.[10] The "1935 Investment

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8 See Special Study Group of the Committee on Federal Regulation of Securities, ABA Section of Business Law, Special Study on Market Structure, Listing Standards and Corporate Governance, 57 Bus. Law. 1487, 1497 (2002).

9 The Exchange adopted listing standards for Closed-End Funds in 2018, which were based on existing criteria applicable to Closed-End Funds listed on NYSE American LLC ("NYSE American"). See Securities Exchange Act Nos. 83596 (July 5, 2018) 83 FR 32162 (July 11, 2018) (SR-CboeBZX-2018-047) (Notice of Filing of a Proposed Rule Change To Amend BZX Rule 14.8, General Listings Requirements-Tier I); 84377 (October 5, 2018) 83 FR 51747 (October 12, 2018) (Notice of Filing of Amendment Nos. 2 and 4 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 2 and 4, To Amend BZX Rule 14.8, General Listings Requirements-Tier I, To Adopt Listing Standards for Closed-End Funds).

10 See Investment Trusts and Investment Companies: Hearings on H.R. 10065 Before the House Subcomm. on Interstate and Foreign Commerce, 76th Cong., 3d Sess. 43 (1940) at 502 (testimony of Merrill Griswold, Chairman, Massachusetts Investors Trust of Boston) (noting that the initial bill proposed to give shareholders the right to elect directors at annual meetings). Commission staff also later confirmed that the 1940 Act does not impose a requirement to hold annual meetings in a 1986 no-action letter. See John Nuveen & Co. Inc. (pub. avail. Nov. 18, 1986). The letter took the position that the necessity for annual meetings was generally a question of state law.

Company Study"[11] served as the basis of the 1940 Act and highlighted a critical vulnerability in requiring an annual shareholder meeting for registered investment companies with widely dispersed retail ownership. The vulnerability could provide investment company shareholders with minority interests disproportionate control voting outcomes to the detriment of long-term investors.[12] The vulnerability was particularly pronounced in director elections, where voting thresholds were considerably lower than the requirement typically mandated by state law for major corporate actions like mergers. Ultimately, the 1940 Act omitted an annual meeting requirement for registered investment companies after careful legislative consideration.

Policy Considerations

1940 Act Offers Other Protections

While the 1940 Act does not require an annual shareholder meeting, it otherwise provides various mechanisms designed to protect the interest of Closed-End Fund Shareholder interests. Like other types of corporations, trusts, or partnerships, an investment company must be operated for the benefit of its owners. Unlike most business organizations, however, investment companies are typically organized and operated by an investment adviser that is responsible for the day-to-day operations of the fund. In most cases, the investment adviser is separate and distinct from the fund it advises, with primary responsibility and loyalty to its own Shareholders. Because the structure of a fund differs from a company, the board of directors plays an important role in fund governance by overseeing the performance of service providers that run the fund's

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11 See Investment Trusts and Investment Companies – Report of the SEC Pursuant to Section 30 of the Public Utility Holding Company Act of 1935.

12 This problem stemmed from typically low retail investor participation rates and the difficulty in organizing widely dispersed shareholders to counterbalance a concentrated minority position with significant proxy influence.

day-to-day operations (including the fund's adviser) and monitoring for potential conflicts of interests.

The 1940 Act protects Closed-End Fund Shareholders by preserving their ability to elect directors who are responsible for the oversight of the fund. Specifically, the 1940 Act requires a Closed-End Fund to hold a Shareholder meeting in two instances: (1) to elect the initial board of directors; and (2) to fill all existing vacancies on the board if Shareholders have elected less than a majority of the board. Further, the 1940 Act requires that Shareholders fill any director vacancies if they have elected less than two-thirds of the directors holding office.[13]

NAV Premium/Discount is Operational Feature of Closed-End Funds

As noted above, listed Closed-End Funds are the only registered investment companies that are required to hold annual shareholder meetings. In the Prior Proposal OIP, the Commission indicated that the structural differences between ETFs and Closed-End Funds could potentially create unique investor protection issues for Closed-End Fund Shareholders if their annual meeting rights were eliminated - concerns that might not exist for shareholders of exchange-traded funds ("ETFs") listed on the Exchange.[14] This distinction stems primarily from the fact that Closed-End Funds frequently trade at market prices below their net asset value ("NAV") per share, commonly referred to as trading at a "discount". [15]

The Exchange believes that the argument that retail investors seek to exit their investment at NAV incorrectly assumes that investors purchased shares with that expectation. This assumption is contradicted by actual investor behavior, as many investors deliberately purchase listed Closed-End Fund shares on the secondary market when they are trading at a discount to

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13 See Section 16(a) of the 1940 Act.

14 See the Prior Proposal OIP at 83727.

15 Id.

NAV.[16] Listed Closed-End Funds provide retail investors access to less-liquid investments through a retail-focused wrapper with 1940 Act protections. These funds may trade at premiums or discounts for various reasons unrelated to management quality. Academic research suggests that discounts may reflect several factors, including: the uncapitalized expenses and time value required to liquidate less liquid portfolios and unwind leveraged positions, investor sentiment fluctuations, or potential tax liabilities from unrealized capital gains.[17] The fact that most listed Closed-End Funds generally trade at a discount demonstrates that such discounts are an operational characteristic, rather than a flaw, of the listed Closed-End Fund structure. For many investors, these discounts represent buying opportunities, allowing them to acquire shares or reinvest dividends below NAV, which boosts their dividend yield and potential total return.[18] Indeed, data from approximately 3.6 million Closed-End Fund-owning households in 2024 shows that eight out of ten are pleased to reinvest dividends when a Closed-End Fund they own trades at a discount, and seven out of ten consider buying additional shares under these circumstances.[19] This purchasing and reinvestment behavior at discount prices clearly indicates that many shareholders invest in Closed-End Funds primarily for yield and distributions rather

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16 See Section 1 of the letter from ICI dated November 5, 2024, regarding SR-CboeBZX-2024-055 ("Second ICI Letter").

17 Id. See also cf., Martin Cherkes, Jacob Sagi, and Richard Stanton, A Liquidity-Based Theory of Closed-End Funds, The Review of Financial Studies, Vol. 22, Issue 1 at 257–97 (Jan. 2009) ("This paper develops a rational, liquidity-based model of closed-end funds (CEFs) that provides an economic motivation for the existence of this organizational form: They offer a means for investors to buy illiquid securities, without facing the potential costs associated with direct trading and without the externalities imposed by an open-end fund structure. Our theory predicts the . . . observed behavior of the CEF discount, which results from a tradeoff between the liquidity benefits of investing in the CEF and the fees charged by the fund's managers.").

18 See Section 1 of the Second ICI Letter. See also Catherine Gillis, Are Discounts Really a Problem?, Morningstar Closed-End Funds (Mar. 13, 1992) ("The funds' inclination to trade at premiums and more often than not, at discounts to their net asset values, has yielded many profit opportunities to astute investors[.]").

19 See Section 1 of the Second ICI Letter at footnote 15.

than any expectation of exiting at NAV. Furthermore, the Closed-End Fund structure allows for the possibility of trading at a premium to NAV, potentially enabling exits above NAV.

Importantly, to the extent there are reasons the Closed-End Fund is trading at a discount for non-market driven reasons Congress delineated a function to oversee discount management: Independent directors of the Closed-End Fund. Independent Directors monitor a Closed-End Funds discount and can – and have – enacted changes if the fund is trading at a discount for reasons unrelated to market conditions.[20] For example, several boards have pursued liquidations, discount management programs, and/or share buy-back programs on their own volition. Independent directors are the congressionally mandated oversight to monitor discounts thus rendering the annual meeting requirement superfluous for any discount management reason. Congress affirmatively heard testimony regarding an annual meeting requirement and concurrent testimony of the abuses that could arise from such a requirement for a retail investment product with a widely dispersed shareholder base when adopting the 1940 Act. Independent director oversight was what Congress decided on without any annual meeting requirement.[21]

Retail Shareholder Engagement In Annual Shareholder Meeting

According to data presented by ICI, retail shareholders show minimal participation in annual meetings.[22] When retail investors do engage with proxy materials and cast votes, they predominantly support existing management rather than activist agendas. This evidence suggests that eliminating the annual meeting requirement would not significantly disadvantage retail

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20 See Section 4 of the letter from ICI dated January 24, 2025, regarding SR-CboeBZX-2024-055 ("Third ICI Letter").

21 See Sections 2 and 3.2 of the letter from ICI dated August 2, 2024, regarding SR-CboeBZX-2024-055 ("First ICI Letter").

22 See Section 2 of the Second ICI Letter.

shareholders, as their participation is already limited, and when they do participate, they typically endorse the fund's current investment approach, management team, and board structure.[23]

While retail Shareholders would face little disadvantage from removing annual meetings, the current requirement actually creates vulnerability by providing recurring opportunities for concentrated minority Shareholders to implement changes detrimental to the broader Shareholder base. As demonstrated in ICI's previous analysis of the Voya Prime Rate Trust case, approximately one-third of shareholders abstained from voting, enabling a minority interest to gain control and fundamentally alter both the fund's investment strategy and portfolio composition.

This one-third non-participation rate is historically significant, mirroring almost exactly the proportion of non-voting shares observed by the SEC and Congress in their 1930s studies when similar takeovers occurred. This pattern of retail disengagement and subsequent takeover vulnerability led regulators in 1940, when crafting the 1940 Act, to conclude that mandatory annual meetings could potentially harm retail investors more than help them. Despite nine decades of technological advancement retail investors' voting behavior remains largely unchanged, perpetuating the same vulnerabilities.

Removes the Harms of Activism

Despite the benefits Closed-End Funds provide to long-term retail investors, activist entities have increasingly targeted these funds using discount arbitrage strategies.[24] Specifically, following periods of significant market volatility when Closed-End Funds trade at wider discounts, activist investors can establish relatively small positions yet wield disproportionate

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23 Id.

24 See section 4.3 of the First ICI Letter which illustrates the harms of activism in the Voya Prime Rate Trust example.

influence to implement strategies that undermine protections the 1940 Act was designed to create. This approach mirrors the Atlas Corporation tactics documented in the 1935 Investment Company Study. Today's activists, like Atlas during the Great Depression, deploy capital from other funds to exploit the price-to-NAV discount by acquiring and ultimately controlling listed Closed-End Funds. The SEC and Congress identified 90 years ago that retail investors' limited participation in voting creates vulnerability to these tactics. Once activists gain control, they typically transform the fund's investment strategy, fundamentally altering what long-term retail shareholders originally purchased.

This activity has not only caused the specific harms that the 1940 Act sought to prevent but has contributed to a significant decline in the number of listed Closed-End Funds available to investors.[25] There were zero listed Closed-End Fund initial public offerings ("IPOs") in 2023 and only three listed Closed-End Fund IPOs in 2024. Yet, ETFs and unlisted Closed-End Funds, where activism is not an issue because there is no annual meeting requirement, boomed in both years in IPOs. The Exchange believes that removing the annual meeting requirement for Closed-End Funds listed as of or after May 20, 2025 will remove the activist threat and generate capital formation by re-opening the listed Closed-End Fund IPO market, which will allow investors to better utilize the benefits of the Closed-End Fund structure.[26] Given that listed Closed-End Funds are one of the safest wrappers to provide retail access to private markets, and given companies are staying private for longer, it is critical to align regulatory requirements in a manner that helps facilitate capital formation and investor access.

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25 See section 4.3 of the First ICI Letter and figure 6 of the Second ICI Letter.

26 Listed Closed-End Funds provide retail investors access to less-liquid investments with 1940 Act protections. Closed-End Funds often trade at discounts, which can benefit long-term investors through enhanced dividend yields and total returns. Closed-End Funds offer structural advantages including greater leverage potential than mutual funds or ETFs and allow portfolio managers to maintain investment strategy conviction during market volatility. See Section 4.2 of the First ICI Letter.

Preserves Existing Shareholder Rights

Not only will the removal of the annual shareholder meeting requirement for Closed-End Funds list as of or after May 20, 2025 provide benefits to shareholders, the proposal would not eliminate any existing rights since it only affects future closed-end funds that list after implementation. Since these funds haven't been created yet and no investors have purchased shares in them, no current shareholders would lose any voting privileges they currently possess.[27] Furthermore, eliminating the exchange listing requirement for annual meetings doesn't prohibit Closed-End Funds from holding them as funds would still have the option to maintain annual meetings through their own bylaws if they choose to do so.

Proposal

Rule 14.10(e) provides for the exemptions from the corporate governance rules afforded to certain types of companies. Specifically, Rule 14.10(e)(1)(E) sets forth exemptions from the corporate governance rules specifically applicable to management investment companies. The Exchange proposes to adopt Rule 14.10(e)(1)(E)(iv) which would provide that management investment companies listed as of or after May 20, 2025 that are Closed-End Funds, as defined in Rule 14.8(a), are exempt from the requirements relating to Meetings of Shareholders (as set forth in Rule 14.10(f)). The Exchange proposes to amend Interpretation and Policy .13 (Management Investment Companies) and .15 (Meetings of Shareholders or Partners) to reiterate that that Closed-End Funds listed as of or after May 20, 2025 are exempt from the Meetings of Shareholders requirement under Rule 14.10(f). The Exchange also proposes to amend Interpretation and Policy .13 (Management Investment Companies) and .15 (Meetings of Shareholders or Partners) to provide that Closed-End Funds that transfer from another listing

[27] An existing Closed-End Fund that merges or reorganizes into a new Closed-End Fund will be subject to the by-laws and listing standards applicable to the new fund.

exchange will continue to be subject to the Meetings of Annual Shareholders requirements under Rule 14.10(f). An existing Closed-End Fund that merges or reorganizes into a new Closed-End Fund does not constitute a listing transfer for purposes of Rule 14.10.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Exchange Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Exchange Act.[28] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[29] requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

In the Exchange's view, limiting the annual shareholder meeting exemption to Closed-End Funds listed as of or after May 20, 2025 strikes an appropriate balance in preserving existing shareholder voting rights in established funds while offering new funds a pathway to avoid the potentially adverse and expensive consequences often associated with annual shareholder meetings. While the proposal would remove the Exchange's annual shareholder meeting mandate for Closed-End Funds listed as of or after May 20, 2025, these new funds would retain the flexibility to voluntarily incorporate annual meeting provisions into their organizational bylaws should they elect to do so.

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28 15 U.S.C. 78f(b).

29 15 U.S.C. 78f(b)(5).

The investor protections under the 1940 Act will continue to apply to Closed-End Funds listed as of or after May 20, 2025. The Exchange believes that because the 1940 Act preserves Shareholder ability to elect Directors, requires Independent Directors to approve significant actions, and requires a Shareholder vote on material governance and policy changes, the Exchange's requirement to hold an annual shareholder meeting is unnecessary.

Given that annual shareholder meetings are not mandated for any other registered investment companies on the Exchange, the Exchange believes that imposing this requirement specifically on Closed-End Funds lacks substantive justification. The Exchange believes that eliminating the annual shareholder meeting obligation would not undermine investor protection, as the tendency for Closed-End Funds to trade at NAV discounts represents an inherent structural feature that investors both recognize and frequently leverage strategically, rather than an issue that would be remedied through annual meetings.

The Exchange believes that the proposal enhances investor protection by removing a mechanism (i.e., annual shareholder meetings) that historically and currently enables activist exploitation of retail investor disengagement, rather than serving as a meaningful protection for the average retail investor. The Exchange believes that removing the annual shareholder meeting requirement would better fulfill the original protective intent of the 1940 Act by preventing exploitation of retail investor non-participation, reducing opportunities for minority interests to override the fund's established investment approach, and protecting the fund structure and strategy that retail investors initially chose when investing.

Further, removing the annual meeting requirement would remove operational costs of the Closed-End Fund, which are ultimately born by retail investors. Data shows that on average annual meetings burden retail shareholders in listed Closed-End Funds with costs ranging from

$32,000, for routine meetings, to $761,000, for contested matters, annually.[30] Given these costs relate to performing a function i.e., the annual meeting, that draws limited participation from retail shareholders, removing these costs would lower expense ratios and directly benefit retail shareholders.

Currently, no Closed-End Funds are listed on the Exchange. Existing Interpretation and Policy .15 to Rule 14.10 Rule 14.10(f) requires that each Company listing common stock or voting preferred stock, and their equivalents, hold an annual meeting of Shareholders within one year of the end of each fiscal year. Given this, any Closed-End Fund listed as of or after May 20, 2025 fund would not be required to hold an annual meeting until one year after its first fiscal year-end following listing. Therefore, funds listed on or after May 20, 2025 would not face annual meeting requirements until after the Commission's final decision on this proposal. The Exchange believes applying the proposed exemption to Closed-End Funds listed as of or after May 20, 2025 would provide potential benefits without requiring the funds to delay listing or undergo a merger or reorganization after an exemption from annual meeting requirements is adopted. This approach allows eligible funds to utilize the proposed exemption while preserving the rights of shareholders in existing Closed-End Funds. Such funds would remain subject to existing annual meeting requirements under Exchange Rules until the Commission approves an Exchange Rule that specifically exempts them from this obligation. The Exchange believes investor protection is preserved through the proposal's carefully designed grandfathering and optionality mechanisms. By applying the change exclusively to future Closed-End Funds that list on the Exchange, the proposal ensures no existing shareholders lose any voting privileges they currently possess. This forward-looking approach means current investors in existing Closed-

[30] See figure 2 from Second ICI Letter.

End Funds maintain all their rights, while future investors will enter new funds with full knowledge of the governance structure, enabling informed investment decisions. Importantly, eliminating the Exchange listing requirement for annual meetings doesn't prohibit funds from holding them; new Closed-End Funds would still have the option to maintain annual meetings through their own bylaws if they choose to do so. This creates a market-based approach where funds can differentiate themselves based on governance structures, potentially using annual meetings as a competitive feature if they believe it provides value. This non-disruptive, forward-looking approach respects existing rights while creating flexibility for new market entrants, allowing for innovation in fund governance while ensuring transparency for investors rather than mandating a one-size-fits-all approach.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act. The purpose of the proposal is to eliminate the annual shareholder meeting requirement for Closed-End Funds listed as of or after May 20, 2025 and would apply equally to all similarly situated funds listed on the Exchange. The Exchange believes that the proposal may enhance competition as it establishes a competitive landscape where funds may distinguish themselves through their chosen governance frameworks, potentially highlighting annual meetings as a value-adding feature when deemed beneficial. The Exchange further believes that removing the annual shareholder meeting requirement for Closed-End Funds listed as of or after May 20, 2025 will remove the activist threat and generate capital formation by re-opening the listed Closed-End Funds IPO market.

The Exchange notes that other listing venues can adopt similar rules if they so desire. As such, the Exchange does not believe that the proposal imposes any burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange neither solicited nor received comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

A. by order approve or disapprove such proposed rule change, or

B. institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (https://www.sec.gov/rules/sro.shtml); or
- Send an email to rule-comments@sec.gov. Please include file number SR-CboeBZX-2025-072 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-CboeBZX-2025-072. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (https://www.sec.gov/rules/sro.shtml). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright

protection. All submissions should refer to file number SR-CboeBZX-2025-072 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[31]

Stephanie Fouse,

Assistant Secretary.

[31] 17 CFR 200.30-3(a)(12).