This document is scheduled to be published in the
Federal Register on 09/05/2025 and available online at
https://federalregister.gov/d/2025-17003, and on https://govinfo.gov

8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103824; File No. SR-CboeBZX-2025-072]

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

September 2, 2025.

I. Introduction

On May 20, 2025, Cboe BZX Exchange, Inc. ("BZX" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act")[1] and Rule 19b-4 thereunder,[2] a proposed rule change to exempt closed-end management investment companies registered under the Investment Company Act of 1940 ("1940 Act")[3] 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 proposed rule change was published for comment in the Federal Register on June 6, 2025.[4]

On July 14, 2025, pursuant to Section 19(b)(2) of the Exchange Act,[5] the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed

---

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

2 17 CFR 240.19b-4.

3 15 U.S.C. 80a-1 et seq.

4 See Securities Exchange Act Release No. 103166 (June 2, 2025), 90 FR 24172 ("Notice"). Comments on the proposed rule change are available at: https://www.sec.gov/comments/sr-cboebzx-2025-072/srcboebzx2025072.htm.

5 15 U.S.C. 78s(b)(2).

rule change.[6] The Commission is instituting proceedings pursuant to Section 19(b)(2)(B) of the Exchange Act[7] to determine whether to approve or disapprove the proposed rule change.

II. Description of the Proposed Rule Change

BZX Rule 14.8 (General Listing Requirements – Tier I) sets forth listing requirements for closed-end management investment companies registered under the 1940 Act ("CEFs").[8] BZX Rule 14.10(f) generally requires that each Company[9] listing common stock or voting preferred stock, and their equivalents, shall hold an annual meeting of shareholders[10] no later than one year after the end of the Company's fiscal year-end. BZX Rule 14.10(e) sets forth certain exemptions from certain corporate governance requirements, including certain exemptions to the annual shareholder meeting requirement in BZX Rule 14.10(f).[11] Any CEF that is listed on the Exchange is required to comply with the annual shareholder meeting requirement set forth in BZX Rule 14.10(f) and is not subject to an exemption. The Exchange proposes to amend BZX Rule 14.10(e)(1)(E) to exempt CEFs that are listed on the Exchange as of or after May 20, 2025 from the BZX Rule 14.10(f) requirement to hold annual shareholder meetings. The Exchange

---

6 See Securities Exchange Act Release No. 103452, 90 FR 33449 (July 17, 2025). The Commission designated September 4, 2025, as the date by which the Commission shall approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.

7 15 U.S.C. 78s(b)(2)(B).

8 See BZX Rules 14.8(e) and (i). The Exchange states that there are currently no CEFs listed on the Exchange. See Notice, supra note 4, at 24173 n.7.

9 The term "Company" means the issuer of a security listed or applying to list on the Exchange. See BZX Rule 14.1(a)(3).

10 The term "Shareholder" means a record or beneficial owner of a security listed or applying to list. See BZX Rule 14.1(a)(28).

11 Specifically, BZX Rule 14.10(e)(1)(F)(i) exempts from this annual shareholder meeting requirement issuers whose only securities listed on the Exchange are nonvoting preferred securities, debt securities, or Derivative Securities. BZX Rule 14.10(e)(1)(F)(ii) defines "Derivative Securities" as Commodity Futures Trust Shares (Rule 14.11(e)(7)), Commodity Index Trust Shares (Rule 14.11(e)(6)), Commodity-Based Trust Shares (Rule 14.11(e)(4)), Commodity-Linked Securities (Rule 14.11(d)(K)(ii)), Currency Trust Shares (Rule 14.11(e)(5)), Equity Gold Shares (Rule 14.11(e)(2)), Equity Index-Linked Securities (Rule 14.11(d)(K)(i)), ETF Shares (Rule 14.11(l)), Fixed Income Index-Linked Securities (Rule 14.11(d)(K)(iii)), Futures-Linked Securities (Rule 14.11(d)(K)(iv)), Index Fund Shares (Rule 14.11(c)), Index-Linked Exchangeable Notes (Rule 14.11(e)(1)), Managed Fund Shares (Rule 14.11(i)), Managed Portfolio Shares (Rule 14.11(k)), Managed Trust Securities (Rule 14.11(e)(10)), Multifactor Index-Linked Securities (Rule 14.11(d)(K)(v)), Partnership Units (Rule 14.11(e)(8)), Portfolio Depository Receipts (Rule 14.11(b)), SEEDS (Rule 14.11(e)(12)), Tracking Fund Shares (Rule 14.11(m)), Trust Certificates (Rule 14.11(e)(3)), and Trust Issued Receipts (Rule 14.11(f)).

also proposes to amend Interpretations and Policies .13 (Management Investment Companies) and .15 (Meetings of Shareholders or Partners) to BZX Rule 14.10 to specify that (i) CEFs listed on the Exchange as of or after May 20, 2025 are exempt from the annual shareholder meeting requirement set forth in BZX Rule 14.10(f); (ii) CEFs that were listed on another exchange prior to May 20, 2025 and transfer their listing to the Exchange will continue to be subject to the annual shareholder meeting requirement set forth in BZX Rule 14.10(f); and (iii) an existing CEF that merges or reorganizes into a new CEF does not constitute a listing transfer for purposes of BZX Rule 14.10.

III. Proceedings to Determine Whether to Approve or Disapprove SR-CboeBZX-2025-072 and Grounds for Disapproval Under Consideration

The Commission is instituting proceedings pursuant to Section 19(b)(2)(B) of the Exchange Act[12] to determine whether the proposed rule change should be approved or disapproved. Institution of proceedings is appropriate at this time in view of the legal and policy issues raised by the proposed rule change. Institution of proceedings does not indicate that the Commission has reached any conclusions with respect to any of the issues involved.

Pursuant to Section 19(b)(2)(B) of the Exchange Act,[13] the Commission is providing notice of the grounds for disapproval under consideration. The Commission is instituting proceedings to allow for additional analysis of the proposed rule change's consistency with the Exchange Act and, in particular, with Section 6(b)(5) of the Exchange Act, which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, 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, and not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.[14]

---

[12] 15 U.S.C. 78s(b)(2)(B).

[13] See id.

[14] 15 U.S.C. 78f(b)(5).

The development and enforcement of meaningful corporate governance exchange listing standards is of substantial importance to financial markets and the investing public, especially given investor expectations regarding the nature of companies that have achieved an exchange listing for their securities and the role of an exchange in overseeing its market and ensuring compliance with its listing standards.[15] The corporate governance standards embodied in exchange listing standards play an important role in assuring that listed companies observe good governance practices, including safeguarding the interests of shareholders.[16]

In particular, the Commission has consistently recognized the importance of the annual shareholder meeting requirement to the protection of investors and the public interest.[17] Among other things, annual shareholder meetings allow the shareholders of a company the opportunity

---

15 See, e.g., Securities Exchange Act Release Nos. 99238 (Dec. 26, 2023), 89 FR 113, 116 (Jan. 2, 2024) (SR-NYSE-2023-34) (Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 1, Amending Sections 312.03(b) and 312.04 of the NYSE Listed Company Manual To Modify the Circumstances Under Which a Listed Company Must Obtain Shareholder Approval of a Sale of Securities Below the Minimum Price to a Substantial Security Holder of the Company) ("NYSE 2023 Order"); 100816 (Aug. 26, 2024), 89 FR 70674, 70677-78 (Aug. 30, 2024) (SR-NASDAQ-2024-019) (Order Granting Approval of a Proposed Rule Change, to Rules 5605, 5615 and 5810 To Amend Phase-In Schedules for Certain Corporate Governance Requirements and Applicability of Certain Cure Periods) ("Nasdaq Order").

16 See e.g., NYSE 2023 Order at 116; NASDAQ Order at 70678; Securities and Exchange Act Release No. 91517 (Apr. 14, 2021), 86 FR 20556 (Apr. 20, 2021) (SR-NASDAQ-2020-100) (Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, to Modify the Quorum Requirement). Strong qualitative corporate governance requirements that serve to safeguard the interests of public shareholders are consistent with Section 6(b)(5) of the Exchange Act, in that they are, among other things, designed to protect investors and the public interest. See, e.g., Securities Exchange Act Release Nos. 48108 (June 30, 2003), 68 FR 39995, 40005 (July 3, 2003) (SR-NYSE-2002-46 and SR-NASD-2002-140) (Order Approving NYSE and Nasdaq Proposed Rule Changes and Notice of Filing and Order Granting Accelerated Approval to NYSE Amendments No. 1 and 2 and Nasdaq Amendments No. 2 and 3 Thereto Relating to Equity Compensation Plans) (stating that the exchanges' proposals, which require shareholder approval of equity compensation plans, should have the effect of safeguarding the interests of shareholders); 65225 (Aug. 30, 2011), 76 FR 55148, 55152 (Sept. 6, 2011) (SR-BATS-2011-018) (Order Approving Proposed Rule Change to Adopt Rules for the Qualification, Listing and Delisting of Companies on the Exchange) (stating that qualitative listing requirements, including shareholder approval rules, are designed to ensure that companies trading on a national securities exchange will adequately protect the interest of public shareholders).

17 The Commission has stated that the right of shareholders to vote at an annual meeting is an essential and important one. See, e.g., Securities Exchange Act Release Nos. 86406 (July 18, 2019), 84 FR 35431, 35432 (July 23, 2019) (SR-NYSE-2019-20) (Order Granting Approval of a Proposed Rule Change Amending Section 302 of the Listed Company Manual To Provide Exemptions for the Issuers of Certain Categories of Securities From the Obligation To Hold Annual Shareholders' Meetings) ("NYSE 2019 Order"); 57268 (Feb. 4, 2008), 73 FR 7614, 7616 (Feb. 8, 2008) (SR-Amex-2006-31) (Order Approving Proposed Rule Change, as Modified by Amendment Nos. 1, 2, and 3 Thereto, Relating to Annual Shareholder Meeting Requirements) ("Amex Order").

to elect directors and meet with, and engage, management to discuss company affairs.[18] The Commission has recognized that, in limited circumstances, the exchange requirement to hold an annual shareholder meeting may not be necessary for certain issuers of specific types of securities where the holders of such securities do not directly participate as equity holders or vote in the annual election of directors or generally on the affairs, operations, or policies of the listed company.[19] However, when approving a prior exchange proposal for specific exemptions from the annual shareholder meeting requirement, which included an exemption for exchange-traded funds ("ETFs"), the Commission expressly stated that CEFs are still required to hold annual meetings under that exchange's rules.[20]

The Exchange states in support of its proposal that it believes the annual shareholder meeting requirement is unnecessary for CEFs 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.[21] The Exchange states that it believes that since no other registered investment companies listed on the Exchange are required to hold an annual shareholder meeting, there is no substantive justification for imposing such a

---

18 See, e.g., Amex Order at 7614; Securities Exchange Act Release No. 53578 (Mar. 30, 2006), 71 FR 17532 (Apr. 6, 2006) (SR-NASD-2005-073) (Order Granting Approval of a Proposed Rule Change and Amendment Nos. 1 and 2 Thereto and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 3 Thereto Relating to Rule 4350(e) To Amend the Annual Shareholder Meeting Requirement) ("NASD Order").

19 See NYSE 2019 Order at 35432; Amex Order at 7616. See also NASD Order at 17533. The Commission has also stated that where an exchange has exempted issuers of certain categories of securities from the exchange requirement to hold an annual meeting, such issuers would remain subject to any applicable state and federal securities laws that relate to annual meetings and may still be required to hold annual shareholder meetings in accordance with such state and federal securities laws. See NYSE 2019 Order at 35432; Amex Order at 7616; NASD Order at 17533. In addition, such issuers would remain subject to state and federal securities laws that may require other types of shareholder meetings, such as special meetings of shareholders. See NYSE 2019 Order at 35432; NASD Order at 17533. The Commission has also stated that the exemptions apply only with respect to particular securities, and that if a company also lists other common stock or voting preferred stock, or their equivalent, such company must nevertheless hold an annual meeting for the holders of such securities during each fiscal year. See NYSE 2019 Order at 35433; Amex Order at 7616; NASD Order at 17533.

20 See NYSE 2019 Order at 35433 n.20.

21 See Notice, supra note 4, at 24176.

requirement on CEFs.[22] According to the Exchange, the tendency for CEFs 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 by annual shareholder meetings.[23]

The Exchange also states that retail shareholder participation in annual meetings is limited and the current annual shareholder meeting requirement provides opportunities for concentrated minority shareholders to wield disproportionate influence over CEFs.[24] In addition, the Exchange states that removing the annual shareholder meeting requirement would enhance investor protection by preventing the exploitation of retail shareholder non-participation at annual meetings and reducing opportunities for minority interests to change a fund's established investment approach.[25] The Exchange further states that removing the annual shareholder meeting requirement will facilitate capital formation by bringing more CEFs to the public market and will reduce operational costs for CEFs.[26]

Finally, the Exchange states that its proposal will preserve existing CEF shareholders' rights because the proposal only applies to CEFs listed as of or after May 20, 2025.[27] The

---

22 See id. When justifying its prior proposal to exempt ETFs listed on the Exchange from the annual shareholder meeting requirement of BZX Rule 14.10(f), the Exchange stated, among other things, that such securities are issued by an open-end investment company registered under the 1940 Act that are available for creation and redemption on a continuous basis, and require dissemination of an intraday portfolio value; that these requirements provide important investor protections and ensure that the net asset value ("NAV") and the market price remain closely tied to one another while maintaining a liquid market for the security; and that these protections, along with the disclosure documents regularly received by investors, allow their shareholders to value their holdings on an ongoing basis and lessen the need for such shareholders to directly deal with management at an annual meeting. See Securities Exchange Act Release No. 99524 (Feb. 13, 2024), 89 FR 12919, 12930 (Feb. 20, 2024) (SR-CboeBZX-2024-010) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Its Corporate Governance Requirements, as Provided Under Exchange Rule 14.10 and Make Certain Other Changes to Its Listing Rules as Provided Under Exchange Rules 14.3, 14.6, 14.7, and 14.12) ("BZX ETF Filing").

23 See Notice, supra note 4, at 24176. The Exchange further states that many investors deliberately purchase listed CEFs on the secondary market when they are trading at a discount to NAV and these discounts may represent buying opportunities that allow investors to acquire shares or reinvest dividends below NAV, thereby boosting their dividend yield and potential return. See id. at 24174.

24 See id. at 24175.

25 See id. at 24176.

26 See id. at 24175, 24176.

27 See id. at 24175. According to the Exchange, a CEF listed as of or after May 20, 2025 would not be

Exchange also states that CEFs listed as of or after May 20, 2025 would retain the flexibility to voluntarily incorporate annual meeting provisions into their organizational bylaws should they elect to do so.[28]

The Commission received comments supporting the proposal.[29] One commenter stated that CEFs are investment vehicles that allow retail investors to access the private equity markets while still being afforded protections under the 1940 Act.[30] Because these products are not designed to provide for daily investor redemptions, managers are able to fully invest in an underlying investment strategy that may focus on less liquid investments.[31] This commenter stated that certain shareholders have engaged in practices that undermine these purposes, and that removing the annual shareholder meeting for CEFs would eliminate the ability of such shareholders to use annual shareholder meetings as a means to take over funds.[32] This commenter also stated that certain investors exploit the current annual shareholder meeting requirement for their own gain—for example, by forcing a liquidity event and then exiting their position, but not focusing on any change to governance.[33] This commenter further stated that

---

required to hold an annual meeting until one year after its first fiscal year-end following listing, which would be after the Commission's final decision on this proposal. See id. The Exchange states that it believes that applying the proposed exemption to the annual shareholder meeting requirement to CEFs listed as of or after May 20, 2025 would provide potential benefits without requiring funds to delay listing or undergo a merger or reorganization after adoption of the proposal. See id.

28 See id. at 24176.

29 See Letters from Paul G. Cellupica, General Counsel, and Kevin Ercoline, Assistant General Counsel, Investment Company Institute ("ICI"), dated June 27, 2025 ("ICI Letter"); James P. McKay, dated July 22, 2025 ("McKay Letter"); and David Young, dated July 25, 2025 ("Young Letter").

30 See ICI Letter at 3. This commenter stated that it provided data that it believes demonstrates that retail investors often buy shares of listed CEFs at a discount and reinvest dividends when CEFs continue to trade at a discount, showing that some shareholders buy and hold shares of listed CEFs for the yield and distributions as opposed to any future opportunity to exit at NAV. See id. at 8 (citing Letter from Paul G. Cellupica, General Counsel, and Kevin Ercoline, Assistant General Counsel, ICI, dated Nov. 5, 2024, at 3-5 ("2024 ICI Letter")).

31 See ICI Letter at 3.

32 See id. at 4. See also id. at 8-9 (citing 2024 ICI Letter, which discussed data concerning shareholder engagement and shareholder activism, and citing Letter from Paul G. Cellupica, General Counsel, Kevin Ercoline, Assistant General Counsel, and Shelly Antoniewicz, Chief Economist, ICI, dated Jan. 24, 2025, which discussed prior academic literature on shareholder activism). Another commenter that supports the proposal stated that large minority investors liquidate CEFs at low prices, thwarting his investment strategy to hold the CEF as a long-term investment. See McKay Letter.

33 See ICI Letter at 5. See also Young Letter (stating that certain investors hurt CEFs' value to realize short-term profits, at the expense of long-term shareholders).

removing the annual shareholder meeting requirement would hamper the ability of certain shareholders to engage in activity that prevents the capital formation of products.[34] This commenter also stated that exempting CEFs from the requirement to hold annual shareholder meetings would remove "a key disincentive" to listing new CEFs by protecting them from such actors.[35]

This commenter also stated that if a CEF chose not to hold annual shareholder meetings it would still have protections as provided in the 1940 Act (e.g., independent directors who would maintain their fiduciary duty to monitor discounts and direct changes).[36] This commenter further stated that exempting CEFs from the Exchange's annual shareholder meeting requirement would allow the decision regarding whether to hold such a meeting to be determined by state law and the CEF's organizational documents.[37] In addition, this commenter stated that because the exemption from the requirement to hold annual shareholder meetings would only be available to new funds that do not yet have shareholders, no existing "right" to a meeting would be taken away under the proposal.[38] This commenter stated that a CEF registered after May 20, 2025 would still have the ability to preserve the right to an annual shareholder meeting in its by-laws if it determines that retail shareholders value that right.[39]

The Commission also received comments opposing the proposal.[40] Comment letters from individuals opposing the proposal generally requested that the Commission not allow their voting

---

34 See ICI Letter at 4.

35 See id. This commenter stated that the campaigns of certain minority activists have negatively impacted the market for CEF IPOs, noting that no CEFs launched in 2023, only three launched in 2024, and none have launched yet in 2025, as compared to the rates of launches for other products that do not require an annual shareholder meeting requirement (e.g., 518 ETFs launched in 2023 and 757 launched in 2024). See id. at 3.

36 See id. at 6.

37 See id. at 5-6.

38 See id. at 6.

39 See id. at 2.

40 See, e.g., Letters from Michael D'Angelo, Saba Capital Management, LP, dated June 27, 2025 ("Saba Letter"); Phillip Goldstein, Managing Partner, Bulldog Investors LLP, dated July 5, 2025 ("Bulldog Letter"); Gabi Gliksberg, ATG Capital Management LLC, dated June 27, 2025 ("ATG Letter"); Hank Krakover, SLK Private Wealth, dated July 8, 2025 ("SLK Letter"); Ben Brostoff, dated July 4, 2025

rights to be taken away and stated that annual shareholder meetings are necessary to hold managers accountable so that CEFs are not devalued.[41] One commenter stated that the historical backdrop of the adoption of the 1940 Act, when at the time an annual meeting was required by every state's laws, makes clear that Congress never contemplated elimination of an annual shareholder meeting for CEFs, regardless of the other shareholder protections set forth in the 1940 Act.[42] Other commenters stated that CEFs are different from other registered investment companies, including ETFs listed on the Exchange, which are not required to hold annual shareholder meetings.[43] In particular, commenters stated that, unlike ETFs which trade at or near their NAV, CEFs commonly trade at significant discounts to their NAV, meaning that CEF shareholders cannot trade out of their shares if they are dissatisfied with management without incurring large losses.[44] Several commenters stated that annual shareholder meetings are essential in order to hold the directors of CEFs accountable and that, without this accountability, boards will be less responsive to shareholder concerns and discounts to NAV will widen.[45] Other commenters stated that although the Exchange contends that the proposal will not affect shareholders of CEFs listed as of or after May 20, 2025, existing CEFs will just merge or

---

("Brostoff Letter"); James Ritchie, CorpGov.net, dated July 7, 2025 ("CorpGov.net Letter"); Kenneth Chance, dated July 8, 2025 ("Chance Letter"); Tom Kerr, dated July 10, 2025 ("Kerr Letter").

41 See, e.g., Brostoff Letter; Chance Letter; Kerr Letter; Letters from Daniel Lippincott, President and Chief Investment Officer, Karpus Investment Management, dated July 18, 2025 ("Karpus Letter"); Bernard Haven, dated July 22, 2025 ("Haven Letter").

42 See Bulldog Letter. See also CorpGov.net Letter; Letter from Devin Hanrahan, dated July 23, 2025 ("Hanarahan Letter").

43 See, e.g., Saba Letter at 6-7; Karpus Letter; Haven Letter.

44 See, e.g., Saba Letter at 6-7; Karpus Letter; Haven Letter.

45 See, e.g., ATG Letter at 1; SLK Letter; Hanrahan Letter. See also Saba Letter at 8-9. One commenter referenced letters from academics on a prior iteration of proposal that, among other things, discussed data on the costs of director entrenchment, reasons CEFs trade at NAV discounts, and shareholder activism. See Saba Letter at 9 (citing Letters from Profs. Lucian A. Bebchuk, Harvard School of Law, and Robert J. Jackson, Jr., NYU School of Law, dated July 30, 2024; Profs. Daniel J. Taylor, The Wharton School, Edwin Hu, University of Virginia Law School, Shiva Rajgopal, Columbia Business School, Robert E. Bishop, Duke School of Law, Bradford Levy, Chicago Booth School of Business, and Jonathon Zytnick, Georgetown University Law Center, on behalf of the Working Group on Market Efficiency and Investor Protection in Closed-End Funds, dated July 30, 2024; Prof. Robert J. Jackson, Jr., dated Nov. 14, 2024).

reorganize into new CEFs in order to be exempt from the annual shareholder meeting requirements.[46]

The Commission has concerns about whether BZX's proposal to exempt CEFs listed on the Exchange as of or after May 20, 2025 from the annual shareholder meeting requirement set forth in BZX Rule 14.10(f) is designed to protect investors and the public interest, as required by Section 6(b)(5) of the Exchange Act.[47] Although BZX's rules provide a similar exemption for ETFs listed on the Exchange,[48] there are important differences between CEFs and ETFs. Shares of CEFs often trade at prices that are less than, or at a "discount" to, the funds' NAV per share. In contrast, while ETFs may trade at a discount, it is often to a much lesser degree than CEFs.[49] The Exchange states that eliminating the annual shareholder meeting requirement would not undermine investor protection because the tendency for CEFs to trade at NAV discounts represents an operational characteristic that investors recognize and frequently leverage strategically.[50] However, certain commenters disagree and state that shareholders of CEFs may have an interest in expressing their views at annual shareholder meetings in order to hold CEF managers accountable, particularly because CEF shareholders may not be able to trade out of their positions without incurring losses.[51] As a result, the Commission believes there may be investor protection concerns for CEF shareholders with respect to eliminating the right to an annual shareholder meeting that may not be present for shareholders of ETFs listed on the Exchange.

---

46 See, e.g. Saba Letter at 1-2; Letter from Timothy Fischer, dated July 24, 2025. See also Saba Letter at 3-6.

47 15 U.S.C. 78f(b)(5).

48 See BZX ETF Filing, supra note 22.

49 See Securities Act Release No. 10695, Investment Company Act Release No. 33646, S7-15-18 (Sept. 25, 2019), 84 FR 57162, 57165 (Oct. 24, 2019) (Exchange-Traded Funds Final Rule) ("The combination of the creation and redemption process with secondary market trading in ETF shares and underlying securities provides arbitrage opportunities that are designed to help keep the market price of ETF shares at or close to the NAV per share of the ETF."). See also supra note 22.

50 See supra note 23 and accompanying text.

51 See supra notes 44-45 and accompanying text.

In addition, while the Exchange states that the proposal would maintain existing voting rights for shareholders in established CEFs because it would only be applicable to CEFs listed on the Exchange as of or after May 20, 2025,[52] the Exchange's proposal also provides that an existing CEF that merges or reorganizes into a new CEF would not constitute a listing transfer for purposes of BZX Rule 14.10. Thus, any CEF previously listed on another exchange prior to May 20, 2025 that mergers or reorganizes into a new CEF listed on the Exchange would be exempt from the Exchange's annual shareholder meeting requirement. Similarly, a CEF listed on BZX would be able to merge or reorganize into a new CEF that is not subject to the annual shareholder meeting requirement. As a result, the proposal could allow for the elimination of the rights of existing CEF shareholders to engage management at an annual shareholder meeting, a right which a shareholder may have relied on when purchasing the CEF shares and which may be particularly important to existing shareholders given the tendency of CEF shares to trade at a discount to NAV. The Exchange has not addressed how this potential elimination of the rights of existing shareholders is consistent with the protection of investors and the public interest, as required by Section 6(b)(5) of the Exchange Act.

The Commission also has concerns about whether the application of the proposal to CEFs that list on the Exchange after the date of filing of this proposed rule change (i.e., May 20, 2025) but before Commission action on the proposal is consistent with the protection of investors under Section 6(b)(5) of the Exchange Act because whether such CEFs would be subject to an annual shareholder meeting requirement may be unknown at the time that shareholders purchase the CEF shares.

As a result, the Commission believes there are questions as to whether the proposal is consistent with Section 6(b)(5) of the Exchange Act[53] and its requirement, among other things, that the rules of a national securities exchange be designed to protect investors and the public

---

52 See supra note 27 and accompanying text.

53 15 U.S.C. 78f(b)(5).

interest. For this reason, it is appropriate to institute proceedings pursuant to Section 19(b)(2)(B) of the Exchange Act[54] to determine whether the proposal should be approved or disapproved.

IV. Procedure: Request for Written Comments

The Commission requests that interested persons provide written submissions of their data, views, and arguments with respect to the issues identified above, as well as any other concerns they may have with the proposal. In particular, the Commission invites the written views of interested persons concerning whether the proposed rule change is consistent with Section 6(b)(5) of the Exchange Act[55] or any other provision of the Exchange Act, or the rules and regulations thereunder. Although there do not appear to be any issues relevant to approval or disapproval that would be facilitated by an oral presentation of data, views, and arguments, the Commission will consider, pursuant to Rule 19b-4 under the Exchange Act,[56] any request for an opportunity to make an oral presentation.[57]

Interested persons are invited to submit written data, views, and arguments regarding whether the proposed rule change should be approved or disapproved by [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. Any person who wishes to file a rebuttal to any other person's submission must file that rebuttal by [INSERT DATE 35 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. The Commission asks that commenters address the sufficiency of the Exchange's statements in support of the proposal, in addition to any other comments they may wish to submit about the proposed rule change. Comments may be submitted by any of the following methods:

---

54 15 U.S.C. 78s(b)(2)(B).

55 15 U.S.C. 78f(b)(5).

56 17 CFR 240.19b-4.

57 Section 19(b)(2) of the Exchange Act, as amended by the Securities Acts Amendments of 1975, Pub. L. 94-29 (June 4, 1975), grants to the Commission flexibility to determine what type of proceeding—either oral or notice and opportunity for written comments—is appropriate for consideration of a particular proposal by a self-regulatory organization. See Securities Acts Amendments of 1975, Senate Comm. on Banking, Housing & Urban Affairs, S. Rep. No. 75, 94th Cong., 1st Sess. 30 (1975).

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 filing 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*]. Rebuttal comments should be submitted by [INSERT DATE 35 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[58]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2025-17003 Filed: 9/4/2025 8:45 am; Publication Date: 9/5/2025]

[58] 17 CFR 200.30-3(a)(57).