

July 31, 2024

VIA E-MAIL

Ms. Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549
rule-comments@sec.gov

Re: Comment Letter of Federated Hermes, Inc. on the New York Stock Exchange’s (“NYSE”) Proposal to Amend Section 302.00 of the NYSE Listed Company Manual to Exempt Closed-End Funds From the Requirement to Hold Annual Shareholder Meetings (File No: SR-NYSE-2024-35)

Dear Ms. Countryman:

Federated Hermes, Inc. and its subsidiaries (“**Federated Hermes**”)¹ submit this comment letter to the U.S. Securities and Exchange Commission (the “**Commission**”) regarding the Commission’s request for comments on the NYSE’s application to amend Section 302.00 of the NYSE Listed Company Manual to exempt closed-end funds (“**CEFs**”) from the requirement to hold annual shareholder meetings (the “**Proposal**”).² Federated Hermes fully supports the Proposal and appreciates the NYSE’s efforts to treat all listed registered investment companies (i.e., both open-end and closed-end) the same with regard to annual meeting requirements.

The historical context of the NYSE annual meeting requirements for CEFs, which were established in 1929,³ before the Investment Company Act of 1940 (the “**1940 Act**”) was adopted, may explain why CEFs are currently treated differently than other investment companies. Continuing that treatment, however, is not warranted, especially given that CEFs, like other registered investment companies, are subject to the extensive requirements of, and shareholder protections afforded by, the 1940 Act. Federated Hermes believes NYSE is correct to re-evaluate the impact of the annual meeting requirements on CEFs and their shareholders and change them now. Federated Hermes believes that the exemption NYSE proposes would protect CEFs and their shareholders from the harmful actions of activist shareholders with minority interests in CEFs who seek to exploit inefficiencies in the proxy system, and capitalize on the general lack of participation by retail CEF shareholders in the proxy process, while maintaining their right to vote on all the matters required by the 1940 Act. The current requirements

¹ Federated Hermes, Inc. (NYSE: FHI) is a global leader in active, responsible investment management, with \$782.7 billion in assets under management as of June 30, 2024. We deliver investment solutions that help investors target a broad range of outcomes and provide equity, fixed-income, alternative/private markets, multi-asset and liquidity management strategies to more than 11,000 institutions and intermediaries worldwide. Our clients include corporations, government entities, insurance companies, foundations and endowments, banks and broker-dealers.

² Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of 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 Nos. 34-100460, 89 Fed. Reg. 56447 (July 9, 2024), available at <https://www.govinfo.gov/content/pkg/FR-2024-07-09/pdf/2024-15037.pdf>.

³ See *New York Stock Exchange to List Securities of Investment Trusts – Tentative Requirements Announced*, The Commercial & Financial Chronicle, Vol. 128, No. 3337, 3764-54 (June 8, 1929).

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effectively allow minority activist shareholders to force liquidity events for their own and their clients' benefit without regard to the detrimental effects to the CEFs and their long-term shareholders. Among other things, these harmful actions increase CEF expenses, expend CEF board time and resources, and stifle investor choice by ultimately reducing the number and variety of CEFs available in the market. For example, Federated Hermes has seen three of its four listed CEFs liquidated or reorganized in large part due to the actions of minority activist investors. Even if there were no activists, the cumulative costs to prepare proxy materials and hold annual shareholder meetings that CEF shareholders rarely attend or participate in are significant and are borne by shareholders without the shareholders receiving benefits therefor. The staff of the Securities and Exchange Commission has focused over the last few years on how and where shareholders get information and made adjustments to its regulations (e.g., requiring that CEFs include more information in their annual reports regarding their investment strategy and risks). Federated Hermes believes that the staff should recognize that following those types of changes, even if shareholders ever did look to annual meetings to provide updated information regarding the plans of a CEF, they no longer need to do so.

Federated Hermes also strongly agrees with and supports the comments of the Investment Company Institute (the "ICI"), as set forth in their comment letter regarding the Proposal (the "ICI Letter"), that CEFs should be exempt from annual shareholder meeting requirements under Section 302.00 of the NYSE Listed Company Manual. The ICI Letter provides a useful history of the abuses in the proxy process that preceded the adoption of the 1940 Act and how they can still be replicated due to the NYSE annual meeting requirement for listed CEFs, which allow activist investors to perpetrate the exact harms the 1940 Act sought to prevent. We agree with the ICI Letter particularly with respect to its assertion that annual shareholder meetings, which generally have limited retail investor participation, have allowed and continue to allow activist investors to wield outsized influence over CEFs and engage in conduct that harms retail investors.

Federated Hermes appreciates the opportunity to comment on the Proposal. Please let us know if you have any questions on this submission.

Sincerely,



George F. Magera
General Counsel
Federated Hermes, Inc.