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September 9, 2022

VIA E-MAIL

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, NE
Washington, DC 20549
Shareholderproposals@sec.gov

Re: *Japan Smaller Capitalization Fund, Inc. (JOF)*
Shareholder Proposal of Kenneth Steiner
Securities Exchange Act of 1934—Rule 14a-8

Ladies and Gentlemen:

On July 14, 2022, Japan Smaller Capitalization Fund, Inc. (“JOF”), submitted a letter (as supplemented by an additional letter, dated August 8, 2022, the “Company Letter”) to the Securities and Exchange Commission (the “Commission”) notifying the Commission that the Company intends to omit from its proxy statement and form of proxy for its 2022 Annual Meeting of Shareholders (the “2022 Annual Meeting”) (collectively, the “2022 Proxy Materials”) a shareholder proposal received on April 11, 2022 (collectively with the supporting statement provided therewith, the “Proposal”) from Kenneth Steiner (the “Proponent”). The Proposal requests that the “Board of Directors immediately establish a special committee consisting solely of independent directors to investigate suitable alternatives to replace the Fund’s current investment manager, Nomura Asset Management U.S.A. Inc.” On August 26, 2022, the staff of the Division of Corporation Finance (the “Staff”) issued a response to the Company Letter stating that it was unable to concur in the Company’s view that the Proposal could be excluded (the “No-Action Response”).

The Company respectfully submits this letter to request that the Staff reconsider the No-Action Response based on recent actions by the Board of Directors (the “Board”) of JOF supporting our view that the Proposal may now be excluded from the 2022 Proxy Materials as being substantially implemented pursuant to Rule 14a-8(i)(10). We hereby respectfully request that the Staff concur in our view that the Proposal may be excluded from the 2022 Proxy Materials pursuant to Rule 14a-8(i)(10).

On September 7, 2022, at the recommendation of the Governance and Compliance Committee of the Board, a special committee of the Board was established (the “Special”).

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Committee”) with the purpose of evaluating suitable alternative investment managers to replace the Fund’s current investment manager, Nomura Asset Management U.S.A. Inc. (“Nomura”). A copy of the Special Committee’s charter is attached hereto as Exhibit A. As discussed below, the establishment of the Special Committee compares favorably with and substantially implements the Proposal.

The Company currently intends to file its 2022 Proxy Materials on or about October 10, 2022. Pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, a copy of this letter is being provided concurrently to the Proponent.

ANALYSIS

Rule 14a-8(i)(10) permits a company to exclude a stockholder proposal from its proxy materials if the company has already substantially implemented the proposal. The Commission stated in 1976 that the predecessor to Rule 14a-8(i)(10) was “designed to avoid the possibility of shareholders having to consider matters which already have been favorably acted upon by the management.” *Release No. 12598* (July 7, 1976). The Commission has subsequently stated that a proposal has been substantially implemented where a company’s “particular policies, practices and procedures compare favorably with the guidelines of the proposal.” See *The Goldman Sachs Group, Inc.* (Feb. 12, 2014); *Medtronic, Inc.* (June 13, 2013); and *Texaco, Inc.* (Mar. 28, 1991). Substantial implementation does not require strict compliance with the parameters of a proposal. See *id.* The Commission instead has granted no-action relief where a company can demonstrate that it has satisfied the essential objectives of a proposal. See, e.g., *Marriot International, Inc.* (February 27, 2017), *Amphenol Corporation* (March 29, 2016).

The Proposal asks that the Board establish a special committee consisting solely of independent directors to investigate suitable alternatives to replace the Fund’s current investment manager, Nomura. The Board has done exactly what was requested. The Special Committee was established on September 7, 2022, is comprised of all the independent directors of the Board of JOF, and is responsible for evaluating suitable alternative investment managers to replace the Fund’s current investment manager. The specific duties of the Special Committee are provided in its charter, attached hereto as Exhibit A. These duties include:

- (1) Identify and evaluate alternative investment managers, including a comparison of such alternatives to the Fund’s existing investment manager (the “Evaluation”). In the process of the Evaluation, the Special Committee shall obtain performance and such other information about potential alternatives to the Fund’s current investment manager as the Special Committee deems relevant.
- (2) Consult with officers of the Fund and such outside advisers as the Special Committee determines is appropriate in order to obtain information relevant to the Evaluation.

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- (3) Following the Evaluation, make a recommendation to the Board on whether there is a suitable alternative to potentially replace the Fund's present investment manager as soon as practicable, but not later than March 31, 2023.
- (4) Make any other recommendations the Special Committee deems advisable to the Board with respect to the Evaluation.
- (5) Perform other actions which, in the judgment of the Special Committee, are necessary or appropriate to meet its duties and responsibilities.

As clearly set forth above, the Board's action to establish the Special Committee satisfies the essential elements of the Proposal and therefore the Proposal has been substantially implemented. Accordingly, the exclusion provided under Rule 14a-8(i)(10) is applicable to the Proposal.

CONCLUSION

Based upon the foregoing analysis, JOF requests the Staff reconsider its prior No-Action Response and concur that it will take no enforcement action if JOF excludes the Proposal from its 2022 Proxy Materials.

We would be happy to provide you with any additional information and answer any questions that you may have regarding this subject. If we can be of any further assistance, please do not hesitate to contact me at the telephone number or e-mail address appearing on the first page of this letter.

Very truly yours,



Andrea L. Reed

Attachment

cc: Neil Daniele, Chief Compliance Officer and Secretary of Japan Smaller Capitalization Fund, Inc.

EXHIBIT A

Japan Smaller Capitalization, Fund, Inc.

Charter of Special Committee of Independent Directors

I. Background

Based on the recommendation of the Governance and Compliance Committee of Japan Smaller Capitalization Fund, Inc. (the “Fund”), the Board has determined that it is appropriate to convene a special committee of the Board (the “Special Committee”), consisting of all of the Independent Directors¹ of the Fund, for the purpose of evaluating suitable alternative investment managers to replace the Fund’s current investment manager.

II. Chair

The Chair of the Special Committee shall be the person who is Chair of the Governance Committee. At present, that person is Rodney A. Buck. The Chair shall preside at the meetings of the Special Committee.

III. Meetings

The Special Committee shall meet with such frequency and at such intervals as it determines necessary to carry out its duties and responsibilities, with the timing of such meetings to be determined by its Chair.

A majority of the members of the Special Committee, present in person or by means of telephone or electronic communication, including videoconference, by means of which all persons present at the meeting can communicate with each other, shall constitute a quorum.

The Special Committee may request that persons whose advice and counsel are sought by the Special Committee attend any meeting of the Special Committee and/or to provide such information as the Special Committee requests.

The Special Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Fund.

¹ Independent Directors are those who satisfy the following criteria: (a) each shall not be an “interested person” of the Fund, as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended, and (b) each shall otherwise satisfy the applicable independence requirements for any stock exchange on which Fund share are listed. No member of the Committee shall accept directly or indirectly any consulting, advisory or other compensation from the Fund, other than in his capacity as a member of the Committee, a member of any other Committee of the Fund, or a member of the Board of Directors.

The Special Committee shall have the authority to retain consultants and any other advisers, on such terms and conditions, including fees, as the Special Committee deems appropriate.

IV. Duties and Responsibilities of the Special Committee

The Special Committee will have the following duties and responsibilities:

(1) Identify and evaluate alternative investment managers, including a comparison of such alternatives to the Fund's existing investment manager (the "Evaluation"). In the process of the Evaluation, the Special Committee shall obtain performance and such other information about potential alternatives to the Fund's current investment manager as the Special Committee deems relevant.

(2) Consult with officers of the Fund and such outside advisers as the Special Committee determines is appropriate in order to obtain information relevant to the Evaluation.

(3) Following the Evaluation, make a recommendation to the Board on whether there is a suitable alternative to potentially replace the Fund's present investment manager as soon as practicable, but not later than March 31, 2023.

(4) Make any other recommendations the Special Committee deems advisable to the Board with respect to the Evaluation.

(5) Perform other actions which, in the judgment of the Special Committee, are necessary or appropriate to meet its duties and responsibilities.

V. Termination of Committee

It is anticipated that the Special Committee will make a recommendation to the Board on whether there is a suitable alternative to potentially replace the Fund's present investment manager as soon as practicable, but not later than March 31, 2023. Following such recommendation, the Special Committee will be disbanded effective immediately, unless otherwise determined by the Special Committee.

September 9, 2022