

NEWS RELEASE

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ICI Thanks House for Protecting Closed-End Fund Investors

Washington, DC; March 7, 2024—Today, Investment Company Institute (ICI) President and CEO Eric Pan released the following statement after the House passage of a bipartisan amendment being considered as part of H.R. 2799, the *Expanding Access to Capital Act of 2023*, sponsored by House Financial Services Committee Chair Patrick McHenry.

The *Increasing Investor Opportunities Act*, amendment sponsored by Reps. Ann Wagner (MO-02) and Gregory Meeks (NY-05) will remove the loophole now allowing activist investors to take over funds to force closed-end funds (CEFs) into liquidity events or radically change their investment strategy.

“Deep-pocketed activists currently are able to amass CEF shares at below-net asset value (NAV) prices, then use their newfound voting power to spur corporate actions that harm long-term shareholders—liquidating the CEF, forcing the CEF to repurchase its shares at inopportune times, or converting the CEF to an open-end fund, just to name a few. The Senate must follow the House’s lead and act immediately to put a stop to these unfair and harmful practices.

“Depending on what actions activists force, CEFs’ long-term shareholders may find themselves invested in a radically different product with an entirely new and unexpected strategy, the same product but with fewer assets and correspondingly higher fees and expenses, or no product at all.

“This legislation will protect CEFs by closing loopholes and strengthening the ability of CEFs’ long-term shareholders to control their own fate.

“Over the past 80 years, CEFs have helped millions of Americans save for the future. Thanks to Chair McHenry, Representatives Wagner and Meeks, and members of the House, we’re now one step closer to protecting the investors who rely on CEFs and other funds for their financial security.”

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