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MFDF Receives No-Action Letter from SEC With Regard to Inquiries About Directed Voting Programs

MFDF thanks the Commission and its staff for their thorough review and thoughtful response

Washington, D.C. (September 30, 2026) – On September 29th, MFDF (www.mfdf.org), the independent membership organization for fund independent directors, [received a “no-action” letter](#) from the Securities and Exchange Commission (SEC) Division of Investment Management.

This no-action update was received in response to a letter MFDF had filed requesting assurances that the Division would not recommend enforcement action to the Commission under rules 14a-3(a), 14a-4(d)(2), 14a-4(d)(3), 14a-4(f), 14a-6(o), 14a-10, and 14a-12(a) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), if an investment company registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), or that elects to be regulated as a business development company (“BDC”) under the Investment Company Act, or, as applicable, a separate series thereof (each, a “Fund”) implements a “Directed Voting Program”.

“In our view, the existing proxy process is expensive and burdensome for funds and their shareholders. The directed voting program is an important first step for funds in reforming the proxy process,” said Carolyn McPhillips, President, MFDF. “One of the most challenging aspects of proxy votes is achieving the required quorum and directed voting has the potential to alleviate some of that pressure. We know that shareholders overwhelmingly vote in favor of proposals recommended by fund boards.”

“This shows, in part, the trust that shareholders give to fund independent directors,” said Joanne Skerrett, Associate General Counsel, MFDF. “The directed voting program further solidifies that trust while still allowing fund shareholders to vote on issues important to them. We thank the Division of Investment Management and SEC leadership for their thorough consideration of the points raised in our letter.”

About the Directed Voting Program

The Directed Voting Program is modeled after the no-action relief granted to Exxon. The program allows shareholders to give standing, revocable voting instructions for votes to be cast in favor of proposals approved by all of the fund’s independent directors. It cannot be used in contested director elections or changes to the advisory agreement with the fund’s primary adviser that require a shareholder vote. In addition, shareholders can further choose to opt-in to the program for all matters

except the Exclusions and mergers that require a shareholder vote and adoption of or changes to 12b-1 fees.

Registered investment companies, BDCs that elect to be regulated under the Investment Company Act, or a separate series of an investment company can rely on the relief. Retail shareholders are eligible to participate in the program. For the purposes of the no-action relief, a retail shareholder is a shareholder who has or is entitled to have voting authority of the shares. Retail shareholders do not include investment advisers exercising voting authority over the shares.

There are limits to the program. For example, the board and a unanimous vote by the independent directors would be required to approve the directed voting program. The board will also need to reexamine the program at least every three years and reapprove it based on a finding that it is in the best interests of fund shareholders.

Shareholders are permitted to opt-out at any time and at no cost. They also are permitted to override their vote by using the proxy materials to vote at a particular meeting. Shareholders will still receive all proxy materials and have the ability to opt out and override their standing voting instructions at any time.

“We’re pleased with the response from the Commission and look forward to further discussing the implications of this no-action letter with all of our members and the broader fund community,” said McPhillips.

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MFDF is a trusted guide for independent directors of registered investment companies. MFDF helps independent directors navigate an evolving regulatory environment and steward shareholders’ investments. MFDF provides tailored educational resources and facilitates peer-to-peer networking, with offerings that include webinars, white papers, and interactive conferences. As an independent association, MFDF’s membership includes a wide range of fund boards and represents a diverse community of directors. For more information, please visit mfdf.org.

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