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July 8, 2016

By Email to IMshareholderproposals@sec.gov

U.S. Securities and Exchange Commission
Office of the Chief Counsel
Division of Investment Management
100 F Street, NE
Washington, DC 20549

Re: Exchange Act Rule 14a-8: Omission of Shareholder Proposal from the 2016 Proxy Statement of Franklin Limited Duration Income Trust

Dear Sir or Madam:

We are counsel to Franklin Limited Duration Income Trust (the "Fund"), a closed-end management investment company registered under the Investment Company Act of 1940 (the "1940 Act") and trading on the New York Stock Exchange MKT ("NYSE MKT") under the ticker symbol "FTF". We are writing in response to the letter (the "Proponent Letter") from counsel to Saba Capital Management, L.P. (the "Proponent") dated June 24, 2016. The Proponent Letter responds to our letter dated June 17, 2016 (the "No-Action Letter") on behalf of the Fund requesting a no-action position from the staff (the "Staff") of the U.S. Securities and Exchange Commission (the "Commission") to omit Proponent's shareholder proposal (the "Proposal") from the proxy statement and related materials associated with the Fund's 2016 annual meeting of shareholders (the "Proxy Statement") on the grounds that the Proposal constitutes more than one proposal in violation of Rule 14a-8(c) (the "One Proposal Rule"). Except for the Proponent Letter, copies of all materials referenced herein were attached as exhibits to the No-Action Letter.

The Proponent appears to argue for the shareholder proposal that it wished it had submitted, rather than the one it actually did. Even under the authority cited by the Proponent, the disparate elements of its two-part structure is not united by a "single concept" – indeed, there is no "concept" whatsoever – while the Proponent's supporting

statement (the "Supporting Statement") contains too many. The elements of the Proposal are not "essential steps" to be implemented collectively toward a common goal, as required for a single proposal, nor are they presented as alternatives from which the board of trustees of the Fund (the "Board") is asked to choose. Moreover, while the proponent has firmly established the unchallenged point that the Proposal is precatory (as is any properly constituted shareholder proposal), that has no bearing on whether the Proposal constitutes multiple proposals. Lastly, the obvious reason that similar shareholder proposals cited by the Proponent have not previously been excluded by the Staff is that the shareholder proposals were never challenged under the One Proposal Rule, and the Staff is not at liberty to independently exclude a proposal if a closed-end fund did not provide its deficiency notice to the proponent within 14 days of receipt of the shareholder proposal.

A. The Proposal Lacks a Single Unifying Concept; the Supporting Statement Has Too Many.

1. There is No Concept Stated in the Proposal.

The Proposal, as originally submitted by letter dated April 20, 2016 (the "Initial Proposal Letter"), was as follows:

> BE IT RESOLVED, that the shareholders of Franklin Limited Duration Income Trust (the "Fund"), request that the Board of Trustees (the "Board") consider authorizing a self-tender offer for all outstanding common shares of the Fund at or close to net asset value ("NAV"). If more than 50% of the Fund's outstanding shares are submitted for tender, the tender offer should be cancelled and the Fund should be liquidated or converted into an open-end mutual fund.

Following Stradley Ronon's deficiency letter dated May 2, 2016, the Proponent revised the Proposal by letter dated May 12, 2016 as follows, with the changed language highlighted in italics:

> BE IT RESOLVED, that the shareholders of Franklin Limited Duration Income Trust (the "Fund"), requests that the Board of Trustees (the "Board") consider authorizing a self-tender offer for all outstanding shares of the Fund at or close to net asset value ("NAV"). If more than 50% of the Fund's outstanding shares are submitted for tender, the tender offer should be cancelled and *the Board should take the steps necessary to liquidate or convert the Fund into an open-end mutual fund.*

By letter dated May 19, 2016, we informed the Proponent that the revised Proposal still constituted more than one proposal. By email dated May 22, 2016, Proponent's General Counsel declined to make any further changes to the Proposal.

We fully agree with the Proponent's cited authority that, to constitute a single proposal, the separate components of a proposal must be "closely related and essential to a single well-defined unifying concept."[1] It is readily apparent, however, that neither iteration of the Proposal contains any "concept" whatsoever, much less a single unifying one. While the Proponent Letter forcefully argues that "the single concept for and clear purpose of the Proposal is to close the Trust's trading discount,"[2] no such language appears in the Proposal.

Virtually all of the no-action letters on which the Proponent relies involve shareholder proposals that expressly state the single, unifying purpose of the proposal in the proposal itself. For example, in *Todd Shipyards*, the stated purpose included in the shareholder proposal was to sell or merge the company.[3] In *Netflix, Inc.*, the stated purpose included in the shareholder proposal was to reorganize the board of directors into one class.[4] In *General Electric Co.*, the stated purpose included in the shareholder proposal was to recommend increased director independence.[5] In *Ametek, Inc.*, the stated purpose of the shareholder proposal was to reconstitute the company's board.[6] As such, *Todd Shipyards*, *Netflix*, *General Electric Co.*, and *Ametek, Inc.*, all support exclusion of the Proposal, in that it states no single, unifying purpose whatsoever.

2. The Supporting Statement Contains Too Many Concepts.

In the absence of any unifying concept in the Proposal itself, the Proponent Letter of necessity looks to the Supporting Statement:

> The supporting statement to the Proposal (the "Supporting Statement") expresses that the purpose of the Proposal is to allow shareholders to vote for a "request" that the Board consider taking "action to collapse the [Trust]'s discount and increase shareholder value." Accordingly, the single concept for and clear purpose of the Proposal is to close the Trust's trading discount.[7]

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1 *Netflix, Inc.*, SEC No-Action Letter (Feb. 29, 2016). We note that the accompanying citation in the Proponent Letter at 3 to Exchange Act Release No. 12,999 (Nov. 22, 1976) does not appear to contain the statement for which it is cited.

2 Proponent Letter at 4.

3 *Todd Shipyards Corporation*, SEC No-Action Letter (Aug. 13, 1992).

4 *Supra*, n. 1.

5 *General Electric Co.*, SEC No-Action Letter (Jan. 24, 2001).

6 *Ametek, Inc.*, SEC No-Action Letter (Feb. 15, 1994).

7 Proponent Letter at 4.

Even the most generous reading of the Supporting Statement cannot support this claim. At best, the Supporting Statement would appear to support the Proposal by raising *three* distinct concepts: (1) the Fund's performance, (2) shareholder support for continuing as a closed-end fund, and (3) its market price discount to net asset value ("NAV"). While the Supporting Statement does refer to the discount, it also refers extensively to the Fund's performance, including the Fund's income and total return, whether management has explained its "recent decisions" regarding performance, and the Board's plan "going forward" to address performance.[8] In the same sentence that the Supporting Statement asserts that "the Board has not been able to effectively manage the Fund's discount," it also asserts, "nor have they taken any action to address its adviser's perpetual underperformance."[9] As a result, the Supporting Statement gives the Fund's performance at least equal prominence with the Fund's discount as the stated goal of the Proposal.

Most importantly, the Supporting Statement makes clear that the tender offer is also intended to be a referendum on "continuing the Fund as a closed-end fund":

> Similar to many other recent corporate actions in the closed end fund space, shareholders should have the opportunity to realize a price for their shares close to NAV. Toward that end, the Board should consider authorizing a self-tender offer for all outstanding shares of the Fund at or close to NAV. *If a majority of the Fund's outstanding shares are tendered, that would demonstrate that there is insufficient shareholder support for continuing the Fund as a closed-end fund.* In that case, the tender offer should be cancelled and the Fund should be liquidated or converted into an open-end mutual fund.[10]

In the Supporting Statement's own words, the tender offer serves the dual purposes of allowing shareholders to tender their shares at or close to NAV, as well as to provide a means for shareholders to express their "support for continuing the Fund as a closed-end fund." It is only for this second reason (in the words of the Supporting Statement, "in that case"), that the Supporting Statement then requests that the tender offer be cancelled and that the Fund either liquidate or convert to an open-end fund. Notwithstanding the assertion in the Proponent Letter that the Proposal "merely suggests alternative paths that the Board should consider to eliminate the Trust's NAV discount,"[11] it is perfectly clear from the plain language of the Supporting Statement that these secondary actions are intended to address the separate and distinct concept of the Fund's closed-end structure.

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[8] Initial Proposal Letter at 4.

[9] *Id.*

[10] *Id.* (emphasis added).

[11] Proponent Letter at 2.

Indeed, the trigger for the second part of the Proposal is not the effect that the tender offer has on lowering or eliminating the Fund's discount, but rather the percentage of shareholders that participate in the tender offer, which may bear no relation to the level of the Fund's discount. While changing the Fund's closed-end structure may collaterally address the discount, it also encompasses a wide array of other issues that were fully detailed in the No-Action Letter, such as the treatment of leverage, de-listing from NYSE MKT, and tax considerations. There is simply no basis in the Supporting Statement, much less in the Proposal, that the secondary actions of liquidating or converting to an open-end fund "are conceptually and causally linked to the Proposal's primary concept of closing the Trust's trading discount."[12]

Rather, the fact that the Supporting Statement attaches different "concepts" to the various elements of the Proposal – the tender offer addresses shareholders selling their shares at or close to NAV, whereas liquidating or open-ending addresses the Fund's closed-end structure – supports exclusion under the authority cited in the Proponent Letter. The Staff in *Torotel, Inc.* permitted the exclusion of a shareholder proposal that called for multiple amendments to the company's articles of incorporation, and although the shareholder proposal alleged that the provisions to be amended "unduly restrict shareholder rights and decrease shareholder value," it was impossible to deduce from the proposal itself any single unifying concept among the various amendments.[13] Similarly, in *Pacific Enterprises,* a shareholder proposal advocated adoption of a "bill of rights" that encompassed at least six separate and distinct categories, each requiring a separate shareholder vote.[14] The company, in successfully arguing for exclusion, described the various elements of the proposal "as a single concept only at such high levels of abstraction as to be meaningless."[15] The present case is even more straightforward, as the Supporting Statement expressly articulates two separate and distinct purposes for the two parts of the Proposal. As such, the Proponent's own cited authority argues for exclusion of the Proposal.

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12 *Id.* at 6.

13 *Torotel, Inc.*, SEC No-Action Letter (Nov. 1, 2006).

14 *Pacific Enterprises*, SEC No-Action Letter (Feb. 19, 1998).

15 *Id. Accord, General Motors Corp.*, SEC No-Action Letter (Apr. 9, 2007) (company argued successfully that a proposal may be excluded under Rule 14a-8(c) where there was no unifying interdependence among the multiple transactions).

B. The Elements of the Proposal are Not Essential Steps to Implement the Proposal.

We agree with the statement in the Proponent Letter that "it is well established that a proposal containing multiple elements is a single proposal *when the elements are steps to implement the proposal* and are aimed at achieving the proposal's single concept."[16] The Proposal completely fails this test. Even if the Proposal had a single stated purpose of addressing the discount (which it doesn't), the tender offer for all the outstanding shares of the Fund at or close to NAV would likely accomplish that goal for tendering shareholders, making the second part of the Proposal redundant. It therefore cannot be said that, having virtually completed a tender offer, the secondary transactions of liquidating or open-ending are somehow "essential steps" to implementing a correction of the discount, which the tender offer would likely have accomplished had it not been cancelled, as the Proposal requests.[17]

Instead, as the no-action letters cited in the Proponent Letter amply demonstrate, the Staff has permitted multi-part proposals only where *all* of the separate elements operate collectively and are *essential* steps to achieve the stated purpose of the proposal.[18] In *Todd Shipyards*, the stated purpose of the shareholder proposal was to sell or merge the company, and retaining an investment bank together with establishing a board committee to review offers were necessary steps toward implementing that proposal.[19] In *Netflix, Inc.*, the stated purpose of the shareholder proposal was to reorganize the board of directors into one class, which required shareholder approval, and authorizing expenditures by the company to obtain shareholder approval was a necessary step toward that end.[20] In *General Electric Co.*, the stated purpose of the shareholder proposal was to recommend increased director independence, the necessary elements of which were a definition of independence, application to a majority of the board and certain committees, and a requirement that any future action on this topic be put to a shareholder vote.[21] In *Ametek, Inc.*, the stated purpose of the shareholder proposal was to reconstitute the company's board, and the three points that followed – majority independent board and committees together with increased diversity – defined the necessary elements of what

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16 Proponent Letter at 3 (emphasis added), citing *Todd Shipyards*, *supra* n. 3.

17 Of course, as argued in Part A.2 above, it is clear from the Supporting Statement that the purpose of the second part of the Proposal is to address the Fund's closed-end structure, not the discount,

18 *See, e.g., Netflix, Inc., supra* n. 1 ("A shareholder proposal with multiple components constitutes multiple proposals, and therefore violates Rule 14a-8(c), unless the separate components of the proposal 'are closely related *and essential to* a single well-defined unifying concept.'"(emphasis added)).

19 *Todd Shipyards*, *supra* n. 3.

20 *Netflix, supra* n. 1.

21 *General Electric Co.*, SEC No-Action Letter (Jan. 24, 2001).

the reconstitution should encompass.[22] In *PACCAR Inc.*, a shareholder proposal requesting that the directors submit the adoption, maintenance or extension of any poison pill to a shareholder vote would be ineffective without protecting the proposal from removal by the board without a shareholder vote, and without requiring the board to seek speedy approval.[23]

Consistent with the foregoing, the Staff has permitted exclusion of multi-part proposals under Rule 14a-8(c) where the various elements were *not* essential steps for implementing the proposal. For example, in *HealthSouth Corp.*, the company successfully argued for exclusion of a shareholder proposal to amend two of the company's bylaws, where the proponent's stated purpose could have been accomplished with only one of the amendments.[24] In *General Motors Corp.*, the company successfully argued for exclusion of a multi-part shareholder proposal where some of the components bore no relation to the stated purpose of restructuring to realize hidden value of the company's underlying assets, and some were even contrary to that goal.[25] In *Textron Inc.*, the company successfully argued for exclusion of a multi-part shareholder proposal where one element relating to a change in control "implicate[d] a different set of concerns and [was] not essential to the Proposal's main unifying concept of providing shareholders with proxy access."[26]

To fit within this precedent, then, the Proponent would have to argue that liquidating the Fund or converting it to an open-end fund is a necessary step to completing the tender offer, which is absurd. Even allowing for the unstated purpose of the Proposal as addressing the discount, the Proponent would still have to argue that liquidating the Fund or converting it to an open-end fund, after having nearly completed a tender offer, are *all* steps to address the discount, which is equally absurd. Moreover, as in *HealthSouth Corp.*, the tender offer alone would likely be sufficient to achieve the unstated purpose of addressing the Fund's discount, so the second part of the Proposal is not an "essential step" toward that goal, and the elements of the Proposal are therefore not united by a single concept. Rather, as amply demonstrated in the No-Action Letter, a tender offer, liquidation and conversion to an open-end fund are separate and distinct transactions that produce completely different and incompatible results.[27] Try as it might, the Proponent simply cannot shoehorn the Proposal into the Staff's no-action precedent.

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22 *Ametek, Inc.*, SEC No-Action Letter (Feb. 15, 1994).

23 *PACCAR Inc.*, SEC No-Action Letter (Jan. 25, 2004).

24 *HealthSouth Corp.*, SEC No-Action Letter (Mar. 28, 2006).

25 *General Motors Corp.*, *supra* n. 15.

26 *Textron Inc.*, SEC No-Action Letter (Mar. 7, 2012).

27 To that end, we believe the discussion in the No-Action Letter of the various costs, filings, and Board and shareholder actions associated with the three elements are germane to demonstrating just how disparate and incompatible the three elements are with one another.

C. A Precatory Proposal May Be Excluded Under Rule 14a-8(c).

The Proponent Letter establishes the uncontested point that the Proposal is precatory.[28] The Fund is not raising any objection under Rule 14a-8(i)(1) [Question 9], and the related Note, that the Proposal is not precatory. However, whether the Proposal is precatory has nothing to do with whether it constitutes impermissible multiple proposals under Rule 14a-8(c).

The Staff has routinely permitted the exclusion of precatory shareholder proposals under Rule 14a-8(c). For example, the excluded shareholder proposal in *General Motors Corp.* began "Resolved: Shareholders *request* that our Board of Directors seek . . ."[29] The excluded shareholder proposal in *Textron Inc.* began "RESOLVED, Shareowners *ask* our board . . ."[30] The excluded shareholder proposal in *PG&E Corp.* began "Shareholders *recommend* that Board of Directors adopt and implement . . ."[31] The excluded shareholder proposal in *Parker-Hannifin Corp.* began "That the shareholders of Parker-Hannifin Corporation ("Company") *hereby request* that the board of directors institute. . ."[32] The excluded shareholder proposal in *Exxon Mobil Corp.* began "RESOLVED: Shareholders *request* that . . ."[33] Clearly, the Staff looks past the precatory structure of a proposal in assessing whether it constitutes impermissible multiple proposals for purposes of Rule 14a-8(c).

In this context, the Proponent Letter's reliance on *Commercial National* is misplaced.[34] The precatory nature of the proposal in *Commercial National* was not at issue. Rather, as fully discussed in the No-Action Letter, *Commercial National* and *Computer Horizons*[35] were both instances where the Staff required inclusion of proposals that provided multiple *examples* of how to implement a "single, unifying concept," using terms like "such as" and "and/or". We do not believe that this is the only way that multi-part proposals must be drafted in order to comply with One Proposal Rule, but the

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28 *See, e.g.*, Proponent Letter n. 12 ("Because each element of the Proposal arises from the initial action of the Board's consideration, the Proposal in its entirety is simply a request or a recommendation.")

29 *General Motors Corp.*, *supra*, n. 15 (emphasis added).

30 *Textron, Inc.*, *supra*, n. 26 (emphasis added).

31 *PG&E Corp.*, SEC No-Action Letter (Mar. 11, 2010) (emphasis added).

32 *Parker-Hannifin Corp.*, SEC No-Action Letter (Sep. 4, 2009) (emphasis added).

33 *Exxon Mobil Corp.*, SEC No-Action Letter (Mar. 19, 2002) (emphasis added).

34 *Commercial Nat'l. Financial Corp.*, SEC No-Action Letter (Mar. 21, 2006). We note that *EDO Corp.*, SEC No-Action Letter (Feb. 18, 1998), cited together with *Commercial National Financial* in Proponent Letter at n. 3, was excluded on the basis of being untimely, and so is of questionable relevance.

35 *Computer Horizons Corp.*, SEC No-Action Letter (Apr. 1, 1993).

Proposal clearly does not conform to the model permitted by *Commercial National* and *Computer Horizons*.

By arguing that the Proposal is precatory, the Proponent Letter attempts to shoehorn the argument that, like *Commercial National*, the Proposal somehow allows the Board to choose among the elements of the Proposal, despite its express language to the contrary.[36] The Proposal is readily distinguishable from *Commercial National* and *Computer Horizons*, not because of any question over whether it is precatory, but because, unlike *Commercial National* and *Computer Horizons*, the Proposal nowhere recommends that the Board choose (or consider choosing) among the alternatives or examples of a tender offer, liquidation or open-ending.

The Proponent Letter essentially argues that, because it is precatory, it should be treated as a single proposal. There is no legal basis for this claim, and there is abundant authority in which the Staff has permitted precatory proposals to be excluded under Rule 14a-8(c). Neither the Staff's precedent nor the plain language of the Proposal supports the argument that, just because it is precatory, the Proposal "merely suggests alternative paths that the Board should consider."[37] This sleight of hand fails to transform the Proposal into the kind of examples and alternatives permitted by *Commercial National* and *Computer Horizons*. Rather, as fully argued in the No-Action Letter, and in Parts A and B above, the Proposal consists of multiple, distinct transactions, and is not a single proposal even if couched as such.[38]

D. The Proponent Letter Relies on Precedent Where Rule 14a-8(c) Was Not at Issue.

The Proponent Letter relies on no-action letters such as *Clough Global Equity Fund*,[39] *AllianceBernstein Income Fund, Inc.*,[40] and *Adams Express Co.*,[41] which involve proposals similar to the Proposal. As argued in footnote 3 of the No-Action Letter, however, none of those letters address Rule 14a-8(c), and they are therefore irrelevant.[42]

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[36] *See, e.g.*, Proponent Letter at n. 8 ("The Trust also quibbles over the Proposal's language as it compares to *Commercial National*, in turn torturing the spirit of the SEC's long-standing guidance on what constitutes multiple proposals by stating that the Proposal must use qualifiers "such as" or conjunctions "and/or" in order for the Proposal's elements to be read as suggestions.").

[37] Proponent Letter at 2.

[38] *See, e.g., Morgan Stanley*, SEC No-Action Letter (Mar. 11, 2010); *Parker-Hannifin Corp., supra* n. 32; *General Motors Corp., supra* n. 15.

[39] *Clough Global Equity Fund*, SEC No-Action Letter (Apr. 16, 2015).

[40] *AllianceBernstein Income Fund, Inc.*, SEC No-Action Letter (Feb. 18, 2015).

[41] *Adams Express Co.*, SEC No-Action Letter (Jan. 26, 2011).

[42] Proponent Letter at 7.

As pointed out in the No-Action Letter as well as our letter to Proponent dated May 2, 2016, Rule 14a-8(f)(1) requires that objections under Rule 14a-8(c) must be made within 14 days of receipt of a shareholder proposal. If not raised within that timeframe, a submission violating the One Proposal Rule cannot thereafter form a basis for exclusion. The Staff does not independently permit a proposal to be excluded under the One Proposal Rule if a timely deficiency notice has not been delivered in accordance with Rule 14a-8(f)(1). It is therefore not surprising that none of the no-action letters cited by the Proponent contain any discussion of Rule 14a-8(c).[43]

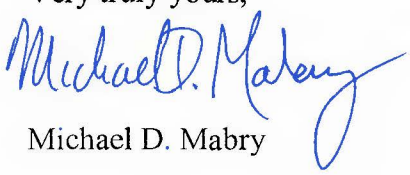
IV. Conclusion

On the basis of the foregoing, the Fund respectfully requests the concurrence of the Staff that the Proposal may be excluded from the Proxy Statement.

We would be happy to provide you with any additional information or answer any questions that you may have. Should you disagree with the conclusions set forth herein, we respectfully request the opportunity to confer with you prior to the determination of the Staff's final position. Please do not hesitate to call me at (215) 564-8011 or email me at mmabry@stradley.com if I may be of any further assistance in this matter.

In accordance with the webpage of the Division of Investment Management of the SEC,[44] the undersigned, on behalf of the Fund, has submitted a portable document format (pdf) copy of this letter and the exhibits referred to in this letter, via email to IMshareholderproposals@sec.gov. Also in accordance with Rule 14a-8(j)(1), a copy of this letter and the accompanying exhibits are being forwarded to the Proponent, as formal notice of the Fund's intention to omit the Proposal from the Proxy Statement.

Very truly yours,



Michael D. Mabry

cc: Michael D'Angelo, Esq.
Craig S. Tyle, Esq.

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[43] Similarly, the shareholder proposal at issue in *EDO Corp., supra* n. 34 and Proponent Letter at nn. 3 & 4, was excluded on the grounds of being untimely, and for that reason the Staff never reached the issue of multiple proposals under the predecessor to the One Proposal Rule.

[44] https://www.sec.gov/divisions/investment/imcontact.htm.