

Michelle H. Bronsted



June 26, 2020

VIA ELECTRONIC MAIL (IMshareholderproposals@sec.gov)

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

RE: Prospect Capital Corporation
Securities and Exchange Act of 1934 – Rule 14a-8
Omission of Stockholder Proposal submitted by Michelle H. Bronsted

Ladies and Gentlemen:

On June 23, 2020, Michael K. Hoffman and Kenneth E. Burdon of the law firm of Skadden, Arps, Slate, Meagher & Flom LLP wrote to you related to a shareholder resolution I submitted to Prospect Capital Corporation. They claimed that my proposed resolution should not be allowed to be included in the proxy materials for shareholders related to Prospect Capital's 2020 annual stockholders meeting.

Kristin Van Dask of Prospect Capital sent me a letter on May 26, 2020. In it she claimed that my proposed submission was not really from me and that it was actually my father's, Mark S. Cane. She did not question my eligibility to submit a shareholder proposal and resolution but she said my submission was deficient because Mr. Cane had also submitted a shareholder proposal. I responded to her on June 2, 2020 stating that while Mr. Cane had provided substantial assistance to me, my proposed resolution was actually from me. Copies of all of this correspondence were included in the material sent to you by Mr. Hoffman and Mr. Burdon.

In their letter to you, Mr. Burdon and Mr. Hoffman made the same claim as Ms. Van Dask as justification for not allowing my resolution to appear in the Prospect Capital proxy material. In addition they added another alleged deficiency stating that my proposal would violate Rule 14a-8(i)(8) because it "would improperly remove a director from office before his term expired and could otherwise affect the outcome of the election of directors at the Annual Meeting." I understand where they are coming from with this claim and to do what they said would not be my intent. If Ms. Van Dask had pointed this out in her letter to me on May 26 I would have fixed my resolution before it reached you.

Therefore, because this is the first time this deficiency has been brought to my attention, I ask that I be permitted to modify my proposed resolution. I have attached an edited version of the entire proposed submission. As you can see, my edited resolution now states:

Resolution - In order to improve director accountability to shareholders and help make Prospect Capital comparable with general industry standards regarding board terms, shareholders request our Board of Directors to adopt as a policy, and take the steps necessary, to amend our governing documents, to repeal / eliminate the “qualified” or “staggered” board, and establish annual elections for all directors standing for election following the board election in 2020.

I believe this modification satisfactorily addresses the valid concerns raised by Mr. Burdon and Mr. Hoffman because, if my resolution were approved and implemented, no director who had been elected by shareholders for three year terms prior to the year 2021 would be subject to removal before their term expired.

With regard to Mr. Hoffman’s and Mr. Burdon’s appeal that my proposal and resolution be rejected because “the Nominal Proponent has submitted more than one shareholder proposal,” I have been informed by Mr. Mark S. Cane that he has informed the Securities and Exchange Commission and Prospect Capital Corporation that he has withdrawn his proposal. I trust that his action will remove any remaining potential impediment to the inclusion of my shareholder proposal and resolution.

Thank you for your service to our country and for being an advocate for individual shareholders like me.

Sincerely,

A large black rectangular redaction box covers the signature area, obscuring the name and any handwritten notes.

Attachment – Revised shareholder proposal and resolution from Michelle H. Bronsted

Cc: Michael K. Hoffman – Skadden Arps, Slate, Meagher & Flom LLP
Kenneth E. Burdon – Skadden Arps, Slate, Meagher & Flom LLP
Kristin Van Dask - Prospect Capital Corporation
Mark S. Cane

Shareholder resolution from Michelle Bronsted

"Article IV of Prospect Capital Corporation's Charter calls for three classes of directors who are elected for staggered three year terms. This is also referred to as a "classified" or "staggered" board.

Dr. Yaron Nili of the University of Wisconsin Law School has conducted extensive corporate governance research. In his paper, *The 'New Insiders': Rethinking Independent Directors' Tenure* (can be downloaded through either:

Yaron Nili, The 'New Insiders': Rethinking Independent Directors' Tenure, 68 Hastings Law Journal 97 (2016) or:

Univ. of Wisconsin Legal Studies Research Paper No. 1390, he points out that, "*The board, in the context of agency concerns, has been expected to represent shareholders' interests' vis-à-vis management, curtailing management's ability to extract private benefits or act in a suboptimal way with respect to shareholder interests.*" (p. 104)

He adds, "*The board of directors is one of the core organs of the modern corporation. As such, it has been entrusted with several important roles in the governance of the corporation. First, the board is required to be an active participant in some of the more important managerial decisions such as mergers, stock issuance and change of company governance documents. Second the board is a resource for management to utilize for insight and networking. Third, the board is charged with a monitoring role, making sure that shareholder interests are fully served, in an effort to constrain the agency costs associated with a managerial centric corporation model.*" (p. 105)

In addition, "*Some shareholders try to challenge the ultimate discretion held by the board of directors and management by actively using their rights to create some form of checks and balances.* (P. 106) He specifies that among the barriers limiting shareholder intervention are "***the staggered board and poison pill and other legal barriers limiting shareholder involvement.***" (p. 107, emphasis added)

Dr. Nili pointed out that through the year 2015, "*The percentage of (S&P 500) boards serving one year terms has risen every year and currently stands at ninety-three percent, more than double what it was a decade ago (forty percent).*" (P. 113)

Support for the trend away from classified or staggered boards is further illustrated by the fact that, in its 2019 voting guidelines (p. 17), the influential institutional investor proxy advisory firm Institutional Shareholder Services (ISS) recommended that shareholders vote IN FAVOR of proposals to repeal classified boards. (<https://www.issgovernance.com/file/policy/latest/americas/US-Voting-Guidelines.pdf>.)

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Please vote YES":

Revised June 26, 2020