

7. Applicants request an exemption to permit Funds of Funds to acquire Fund shares beyond the limits of section 12(d)(1)(A) of the Act; and the Funds, and any principal underwriter for the Funds, and/or any broker or dealer registered under the Exchange Act, to sell shares to Funds of Funds beyond the limits of section 12(d)(1)(B) of the Act. The application's terms and conditions are designed to, among other things, help prevent any potential (i) undue influence over a Fund through control or voting power, or in connection with certain services, transactions, and underwritings, (ii) excessive layering of fees, and (iii) overly complex fund structures, which are the concerns underlying the limits in sections 12(d)(1)(A) and (B) of the Act.

8. Applicants request an exemption from sections 17(a)(1) and 17(a)(2) of the Act to permit persons that are Affiliated Persons, or Second-Tier Affiliates, of the Funds, solely by virtue of certain ownership interests, to effectuate purchases and redemptions in-kind. The deposit procedures for in-kind purchases of Creation Units and the redemption procedures for in-kind redemptions of Creation Units will be the same for all purchases and redemptions and Deposit Instruments and Redemption Instruments will be valued in the same manner as those Portfolio Instruments currently held by the Funds. Applicants also seek relief from the prohibitions on affiliated transactions in section 17(a) to permit a Fund to sell its shares to and redeem its shares from a Fund of Funds, and to engage in the accompanying in-kind transactions with the Fund of Funds.² The purchase of Creation Units by a Fund of Funds directly from a Fund will be accomplished in accordance with the policies of the Fund of Funds and will be based on the NAVs of the Funds.

9. Applicants also request relief to permit a Feeder Fund to acquire shares of another registered investment company managed by the Adviser having substantially the same investment objectives as the Feeder Fund ("Master Fund") beyond the limitations in section 12(d)(1)(A) and permit the Master Fund, and any principal underwriter for the Master

Fund, to sell shares of the Master Fund to the Feeder Fund beyond the limitations in section 12(d)(1)(B).

10. Section 6(c) of the Act permits the Commission to exempt any persons or transactions from any provision of the Act if such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Section 12(d)(1)(J) of the Act provides that the Commission may exempt any person, security, or transaction, or any class or classes of persons, securities, or transactions, from any provision of section 12(d)(1) if the exemption is consistent with the public interest and the protection of investors. Section 17(b) of the Act authorizes the Commission to grant an order permitting a transaction otherwise prohibited by section 17(a) if it finds that (a) the terms of the proposed transaction are fair and reasonable and do not involve overreaching on the part of any person concerned; (b) the proposed transaction is consistent with the policies of each registered investment company involved; and (c) the proposed transaction is consistent with the general purposes of the Act.

For the Commission, by the Division of Investment Management, under delegated authority.

Brent J. Fields,

Secretary.

[FR Doc. 2018-28300 Filed 12-27-18; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-84902; File No. SR-BOX-2018-39]

Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 7050

December 20, 2018.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 19, 2018, BOX Exchange LLC (the "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to

solicit comments on the proposed rule from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Rule 7050. The text of the proposed rule change is available from the principal office of the Exchange, at the Commission's Public Reference Room and also on the Exchange's internet website at <http://boxoptions.com>.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed rule change is to delete Rule 7050 (Minimum Trading Increments) in its entirety and replace it with an identical rule in place at another option exchange in the industry. Currently, Rule 7050(a) details the minimum trading increments in place on the Exchange. In this rule, such minimum increments established by the Board will be designated as a stated policy, practice, or interpretation with respect to the administration of this Rule 7050 within the meaning of subparagraph (3)(A) of Section 19(b) of the Exchange Act and will be filed with the SEC as a rule change for effectiveness upon filing. Further, the rule goes on to state that until such time as the Board makes a change in the increments, the following principles shall apply: (1) If the options contract is trading at less than \$3.00 per option, five (5) cents; (2) if the options contract is trading at \$3.00 per option of higher, ten (10) cents. The Exchange now proposes to delete 7050(a) in its entirety and add proposed Rule 7050(a)(1) and (2) which states that unless specified in another Exchange rule, the following minimum quoting increments shall apply to options traded on the Exchange: (1) Five cents (\$0.05) for all

² The requested relief would apply to direct sales of shares in Creation Units by a Fund to a Fund of Funds and redemptions of those shares. Applicants, moreover, are not seeking relief from section 17(a) for, and the requested relief will not apply to, transactions where a Fund could be deemed an Affiliated Person, or a Second-Tier Affiliate, of a Fund of Funds because an Adviser or an entity controlling, controlled by or under common control with an Adviser provides investment advisory services to that Fund of Funds.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

option contracts trading at less than \$3 other than those defined in (3) below; (2) ten cents (\$0.10) for all option contracts trading at \$3 and above other than those defined in (3) below.³

The Exchange also notes that current Rule 7050(a)(3) states that if the options contract is traded pursuant to the procedures of the Improvement Period in Rule 7150 then one (1) cent. The Exchange proposes to include this in the deletion of current Rule 7050(a) as the minimum trading increments for option contracts traded in the Improvement Period are already addressed in the BOX Rulebook.⁴

Further, current Rule 7050(b) through (e) details exceptions to the minimum trading increments discussed in current Rule 7050(a). Specifically, current Rule 7050(b) states that notwithstanding paragraph (a) of this Rule 7050, the Exchange will operate a pilot program to permit options classes to be quoted and traded in increments as low as one (1) cent. The Exchange now proposes to delete current Rule 7050(b) and replace it with proposed Rule 7050(a)(3) which states that for options contract traded pursuant to the penny pilot as described in Rule 7260: (A) One cent (\$0.01) for all options contracts in QQQ (PowerShares QQQQ Trust), SPY (SPDR S&P 500 ETF Trust) and IWM (iShares Russell 2000 Index Fund); (B) one cent (\$0.01) for all other options contracts included in a penny pilot that are trading at less than \$3; (C) five cents (\$0.05) for all other option contracts included in a penny pilot that are trading at or above \$3.⁵

Further, current Rules 7050(c) through (e) detail other exceptions to the minimum trading increments in current Rule 7050(a). Specifically, 7050(c) states that notwithstanding any other provision in this Rule 7050, the minimum trading increment for Mini Options shall be determined in accordance with IM-5050-10(d) to BOX Rule 5050. The Exchange proposes to delete this provision in its entirety as the minimum trading increments for Mini Options already exist in another provision in the BOX Rulebook. Similarly, the Exchange proposes to delete Rules 7050(d) and (e) for the same reason. The minimum trading increments for Jumbo SPY options (Rule 7050(d)) and Complex Orders (Rule

7050(e)) already exist in other provisions in the BOX Rulebook.⁶

The Exchange also proposes Rule 7050(b) which states that the minimum trading increment for option contracts traded on the Exchange will be one cent (\$0.01) for all series. The Exchange notes that the proposed rule discussed herein is identical to rules at other options exchanges in the industry.⁷

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,⁸ in general, and Section 6(b)(5) of the Act,⁹ in particular, in that the proposed change is designed to promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general protect investors and the public interest, by conforming the Exchange's minimum trading increment rule with rules at other options exchanges in the industry.¹⁰ The Exchange believes that the proposed change will provide clarity with respect to the minimum trading increment rule which removes impediments to and better provides for a free and open market. Additionally, the Exchange believes that deleting 7050(c) through (e) will reduce investor confusion with respect to certain minimum trading increments on the Exchange as the trading increments for the orders discussed in 7050(c) through (e) are already included in other rules in the BOX Rulebook. As such, BOX believes the proposed rule change is in the public interest, and therefore, consistent with the Act.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposal merely conforms the Exchange's minimum trading increment rule to similar rules at other options exchanges in the industry. The proposed rule change would provide clarity and reduce any potential confusion with respect to minimum trading increments on the Exchange. As such, the Exchange

does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

The Exchange has neither solicited nor received comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act¹¹ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹²

A proposed rule change filed under Rule 19b-4(f)(6)¹³ normally does not become operative prior to 30 days after the date of the filing. However, Rule 19b-4(f)(6)(iii)¹⁴ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange notes that the proposed rule change simply seeks to conform the Exchange's minimum trading increments rule to similar rules at other options exchanges and raises no new or novel issues. The Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the operative delay and designates the proposed rule change as operative upon filing.¹⁵

¹¹ 15 U.S.C. 78s(b)(3)(A)(iii).

¹² 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and the text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

¹³ 17 CFR 240.19b-4(f)(6).

¹⁴ 17 CFR 240.19b-4(f)(6)(iii).

¹⁵ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

³ The Exchange notes that the current trading increment principles remain unchanged. The Exchange also notes that the proposed language is identical to rules at other options exchanges in the industry.

⁴ See BOX Rule 7150(f)(2).

⁵ The Exchange notes that the current minimum increments for the pilot program remain unchanged.

⁶ The minimum trading increments for Jumbo SPY Options are located in Rule 5050(e)(4). The minimum trading increments for Complex Orders are addressed in Rule 7240(b)(1).

⁷ See NYSE American, LLC ("NYSE American") Rule 960NY, NYSE Arca, LLC ("NYSE Arca") Rule 6.72-O.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ See *supra* note 7.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-BOX-2018-39 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.
- All submissions should refer to File Number SR-BOX-2018-39. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit

personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-BOX-2018-39 and should be submitted on or before January 18, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁶

Brent J. Fields,
Secretary.

[FR Doc. 2018-28199 Filed 12-27-18; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-84889; File No. SR-ICC-2018-011]

Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change Relating to ICC's New Initiatives Approval Policy and Procedural Framework

December 20, 2018.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 18, 2018, ICE Clear Credit LLC ("ICC") filed with the Securities and Exchange Commission the proposed rule change as described in Items I, II and III below, which Items have been prepared by ICC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The principal purpose of the proposed rule change is to revise the ICC New Initiatives Approval Policy and Procedural Framework ("NIA Policy"). These revisions do not require any changes to the ICC Clearing Rules ("Rules").

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, ICC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. ICC has prepared

summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

ICC proposes to formalize its NIA Policy. ICC believes that such a change will facilitate the prompt and accurate clearance and settlement of securities transactions and derivative agreements, contracts, and transactions for which it is responsible. The proposed rule change is described in detail as follows.

The NIA Policy sets forth ICC's policies and procedures for the review and approval of certain new initiatives to be offered or implemented by ICC. The NIA Policy clarifies and harmonizes the policies, procedures, and documentation for the review and approval of new initiatives that involve potentially significant changes. The intention of the NIA Policy is to notify all relevant departments of the introduction of the new initiative, provide for information sharing between departments and ensure a thorough understanding of the new initiative, and establish requirements for the pre-launch verification and testing of the new initiative.

The NIA Policy includes a list of definitions that serves to clarify and recognize the projects, key participants, and documents that are subject to the NIA Policy. New projects that are approved by the Steering Committee, a management committee responsible for prioritizing the implementation of initiatives and monitoring and guiding delivery, and meet the following criteria are defined as New Initiatives that are subject to the NIA Policy: (1) Involve new and material modifications to the risk or pricing methodology; (2) involve potential significant changes to the processing system, ICC Clearing Rules, or clearing operating procedures; (3) involve new and material modifications to existing and significant capabilities provided by ICC; or (4) involve Model Changes³ classified as Materiality A under ICC's Model Validation Framework. The New Initiative Approval Committee (the "NIAC") identifies, reviews, and approves New Initiatives and is composed of ICC management, including department heads, and representatives from

³ Model Changes include new and enhanced risk modeling components of ICC's risk management system. Depending on how substantially the Model Change affects the system's assessment of risk for the related risk driver(s), it is classified as Materiality A (i.e., substantial impact) or Materiality B (i.e., no substantial impact).

¹⁶ 17 CFR 200.30-3(a)(12).

¹⁵ U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.