

interest. In particular, the proposal is designed to increase the consistency and transparency in the handling of erroneous options transactions among those options exchanges that allow complex order or stock-option order transactions.

In its order approving the initial harmonized rule of BATS Exchange, Inc., the Commission noted that the options exchanges intended to work together to further develop additional objectivity with respect to their processes for the adjustment and nullification of erroneous options transactions.²¹ The Commission believes that the proposed rule change to specifically delineate the treatment of erroneous complex order or stock-option order transactions constitutes an additional step towards this goal. Based on the foregoing, the Commission believes that the proposed rule change is consistent with Section 6(b)(5) of the Act²² in that proposed Rule 6.25 will foster cooperation and coordination with persons engaged in regulating and facilitating transactions.

The Commission notes that the proposed rule change will become operative on April 17, 2017. This delayed implementation is to ensure that other options exchanges that permit transactions in complex orders or stock-option orders will have sufficient time to put in place similar rules consistent with this proposed rule change and to coordinate the date of implementation of such harmonized rules.²³

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,²⁴ that the proposed rule change, as modified by Amendment No. 1 (SR-CBOE-2016-088) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁵

Eduardo A. Aleman,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 32478; File No. 812-14724]

Brinker Capital Destinations Trust, et al.; Notice of Application

February 14, 2017.

AGENCY: Securities and Exchange Commission ("Commission").

ACTION: Notice of an application for an order under section 12(d)(1)(J) of the Investment Company Act of 1940 (the "Act") for an exemption from sections 12(d)(1)(A), (B), and (C) of the Act and under sections 6(c) and 17(b) of the Act for an exemption from sections 17(a)(1) and (2) of the Act. The requested order would permit certain registered open-end investment companies to acquire shares of certain registered open-end investment companies, registered closed-end investment companies, business development companies, as defined in section 2(a)(48) of the Act, and unit investment trusts (collectively, "Underlying Funds") that are within and outside the same group of investment companies as the acquiring investment companies, in excess of the limits in section 12(d)(1) of the Act.

APPLICANTS: Brinker Capital Destinations Trust, a Delaware statutory trust that is registered under the Act as an open-end management investment company with multiple series, and Brinker Capital, Inc., a Delaware Corporation registered as an investment adviser under the Investment Advisers Act of 1940.

DATES: Filing Dates: The application was filed on December 8, 2016 and amended on February 1, 2017.

HEARING OR NOTIFICATION OF HEARING: An order granting the requested relief will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on March 14, 2017 and should be accompanied by proof of service on the applicants, in the form of an affidavit, or, for lawyers, a certificate of service. Pursuant to Rule 0-5 under the Act, hearing requests should state the nature of the writer's interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Commission's Secretary.

ADDRESSES: Secretary, U.S. Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090. Applicants: Jason B. Moore, Brinker Capital Destinations Trust, 1055 Westlakes Drive, Berwyn, PA 19312; and John J. O'Brien, Esq., Morgan, Lewis & Bockius LLP, 1701 Market Street, Philadelphia, PA 19103.

FOR FURTHER INFORMATION CONTACT: Jennifer O. Palmer, Senior Counsel, at (202) 551-5786, or Nadya Roytblat, Assistant Chief Counsel, at (202) 551-6821 (Division of Investment Management, Chief Counsel's Office).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained via the Commission's Web site by searching for the file number, or for an applicant using the Company name box, at <http://www.sec.gov/search/search.htm>, or by calling (202) 551-8090.

Summary of the Application

1. Applicants request an order to permit (a) a Fund¹ (each a "Fund of Funds") to acquire shares of Underlying Funds² in excess of the limits in sections 12(d)(1)(A) and (C) of the Act and (b) the Underlying Funds that are registered open-end investment companies or series thereof, their principal underwriters and any broker or dealer registered under the Securities Exchange Act of 1934 to sell shares of the Underlying Fund to the Fund of Funds in excess of the limits in section 12(d)(1)(B) of the Act.³ Applicants also request an order of exemption under

¹ Applicants request that the order apply to each existing and future series of Brinker Capital Destinations Trust and to each existing and future registered open-end investment company or series thereof that is advised by Brinker Capital, Inc. or its successor or by any other investment adviser controlling, controlled by or under common control with Brinker Capital, Inc. or its successor and is part of the same "group of investment companies" as Brinker Capital Destinations Trust (each, a "Fund"). For purposes of the requested order, "successor" is limited to an entity that results from a reorganization into another jurisdiction or a change in the type of business organization. For purposes of the request for relief, the term "group of investment companies" means any two or more registered investment companies, including closed-end investment companies and business development companies, that hold themselves out to investors as related companies for purposes of investment and investor services.

² Certain of the Underlying Funds have obtained exemptions from the Commission necessary to permit their shares to be listed and traded on a national securities exchange at negotiated prices and, accordingly, to operate as an exchange-traded fund ("ETF").

³ Applicants do not request relief for Funds of Funds to invest in reliance on the order in business development companies and registered closed-end investment companies that are not listed and traded on a national securities exchange.

²¹ See BATS Order, *supra* note 5, at 16039.

²² 15 U.S.C. 78f(b)(5).

²³ See Amendment No. 1.

²⁴ 15 U.S.C. 78s(b)(2).

²⁵ 17 CFR 200.30-3(a)(12).

sections 6(c) and 17(b) of the Act from the prohibition on certain affiliated transactions in section 17(a) of the Act to the extent necessary to permit the Underlying Funds to sell their shares to, and redeem their shares from, the Funds of Funds.⁴ Applicants state that such transactions will be consistent with the policies of each Fund of Funds and each Underlying Fund and with the general purposes of the Act and will be based on the net asset values of the Underlying Funds.

2. Applicants agree that any order granting the requested relief will be subject to the terms and conditions stated in the application. Such terms and conditions are designed to, among other things, help prevent any potential (i) undue influence over an Underlying Fund that is not in the same “group of investment companies” as the Fund of Funds 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), (B), and (C) of the Act.

3. Section 12(d)(1)(f) 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. 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.

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

Eduardo A. Aleman,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80041; File No. SR-CHX-2017-04]

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing of Proposed Rule Change To Adopt the CHX Liquidity Enhancing Access Delay

February 14, 2017.

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 February 10, 2017, the Chicago Stock Exchange, Inc. (“CHX” or “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

CHX proposes to amend the Rules of the Exchange (“CHX Rules”) to adopt the CHX Liquidity Enhancing Access Delay. The text of this proposed rule change is available on the Exchange’s Web site at <http://www.chx.com/regulatory-operations/rule-filings/>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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 those statements may be examined at

the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B and C below, of the most significant parts of such statements.

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

1. Purpose

(1) Overview

The Exchange proposes to amend the CHX Rules to adopt the CHX Liquidity Enhancing Access Delay (“LEAD”). In sum, LEAD will require all new incoming orders, cancel and cancel/replace messages to be subject to a 350-microsecond intentional access delay; provided, however, that (1) new incoming orders ³ submitted by LEAD Market Makers (“LEAD MM”), a new class of CHX Market Maker ⁴ with heightened quoting and trading obligations, that would be immediately ranked on the CHX book without executing against any resting orders on the CHX book and (2) certain cancel messages related to resting orders that were submitted by LEAD MMs will not be delayed. LEAD will be applied to all securities traded on the Exchange throughout the trading day.⁵ LEAD is designed to enhance displayed liquidity and price discovery by minimizing the effectiveness of latency arbitrage strategies that diminish displayed liquidity and impair price discovery, as described in detail below.

(2) Latency Arbitrage

As used herein, “latency arbitrage” means the practice of exploiting

³ “New incoming orders” are orders received by the Matching System for the first time. As discussed below, LEAD will not apply to other situations where existing orders or portions thereof are treated as incoming orders, such as (1) resting orders that are price slid into a new price point pursuant to the CHX Only Price Sliding or Limit Up-Limit Down Price Sliding Processes and (2) unexecuted remainders of routed orders released into the Matching System. See CHX Article 1, Rule 2(b)(1)(C); see also CHX Article 20, Rule 2A(b); see also CHX Article 20, Rule 8(b)(7). Incidentally, the Exchange is proposing to amend CHX Article 20, Rule 8(a)(7) to delete the word “new” from the last sentence, so that the rule provides, in pertinent part, that if no balance exists at the time a part of an unexecuted remainder of a routed order is returned to the Matching System, it shall be treated as an incoming order.

⁴ See CHX Article 1, Rule 1(tt) defining “Market Maker”; see also generally CHX Article 16 (Market Makers).

⁵ Each trading day is divided into four trading sessions: Early session, regular trading session, late trading session and late crossing session. See CHX Article 20, Rule 1(b). The Exchange only accepts cross orders during the late crossing session and thus does not accept or rank any single-sided orders during the late crossing session. See CHX Article 1, Rule 2(a)(2) defining “cross order.”

⁴ A Fund of Funds generally would purchase and sell shares of an Underlying Fund that operates as an ETF through secondary market transactions rather than through principal transactions with the Underlying Fund. Applicants nevertheless request relief from section 17(a) to permit a Fund of Funds to purchase or redeem shares from the ETF. A Fund of Funds will purchase and sell shares of an Underlying Fund that is a closed-end fund through secondary market transactions at market prices rather than through principal transactions with the closed-end fund. Accordingly, applicants are not requesting section 17(a) relief with respect to transactions in shares of closed-end funds (including business development companies).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.