

coverage as required by the Affordable Care Act.

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Stanley F. Mires,

Attorney, Federal Compliance.

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SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 32481; 812-14590]

Blackstone Alternative Investment Funds and Blackstone Alternative Investment Advisors LLC; Notice of Application

February 16, 2017.

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

ACTION: Notice of an application under section 6(c) of the Investment Company Act of 1940 ("Act") for an exemption from section 15(a) of the Act and rule 18f-2 under the Act, as well as from certain disclosure requirements in rule 20a-1 under the Act, Item 19(a)(3) of Form N-1A, Items 22(c)(1)(ii), 22(c)(1)(iii), 22(c)(8) and 22(c)(9) of Schedule 14A under the Securities Exchange Act of 1934, and Sections 6-07(2)(a), (b), and (c) of Regulation S-X ("Disclosure Requirements"). The requested exemption would permit an investment adviser to hire and replace certain sub-advisers without shareholder approval and grant relief from the Disclosure Requirements as they relate to fees paid to the sub-advisers.

APPLICANTS: Blackstone Alternative Investment Funds (the "Trust"), a Massachusetts business trust registered under the Act as an open-end management investment company with multiple series, and Blackstone Alternative Investment Advisors LLC a Delaware limited liability company registered as an investment adviser under the Investment Advisers Act of 1940 ("BAIA" or the "Advisor," and, collectively with the Trust, the "Applicants").

FILING DATES: The application was filed December 14, 2015, and amended on May 26, 2016 and February 8, 2017.

HEARING OR NOTIFICATION OF HEARING: An order granting the application 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 13, 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: 345 Park Avenue, 28th Floor, New York, NY 10154.

FOR FURTHER INFORMATION CONTACT: Rachel Loko, Senior Counsel, at (202) 551-6883, or Holly Hunter-Ceci, Acting Assistant Chief Counsel, at (202) 551-6825 (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 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. The Advisor will serve as the investment adviser to the Subadvised Series pursuant to an investment advisory agreement with the Trust (each an "Investment Management Agreement").¹ The Advisor will provide the Subadvised Series with continuous and comprehensive investment management services subject to the supervision of, and policies established by, each board of trustees of the Trust ("Board"). The Investment Management Agreement permits the Advisor, subject to the approval of the Board, to delegate to one or more sub-advisers (each, a "Sub-Advisor" and collectively, the "Sub-Advisors") the responsibility to provide the day-to-day portfolio

¹ Applicants request relief with respect to any existing and any future series of the Trust and any other existing or future registered open-end management company or series thereof that intends to rely on the requested order in the future and that: (a) Is advised by BAIA or its successor or by any entity controlling, controlled by, or under common control with BAIA or its successor (each, also an "Advisor"); (b) uses the multi-managers structure described in the application; and (c) complies with the terms and conditions of the application (any such series, a "Subadvised Series"). 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.

investment management of each Subadvised Series, subject to the supervision and direction of the Advisor. The primary responsibility for managing the Subadvised Series will remain vested in the Advisor. The Advisor will hire, evaluate, allocate assets to and oversee the Sub-Advisors, including determining whether a Sub-Advisor should be terminated, at all times subject to the authority of the Board.

2. Applicants request an exemption to permit the Advisor, subject to Board approval, to hire certain Sub-Advisors pursuant to Sub-Advisory Agreements and materially amend existing Sub-Advisory Agreements without obtaining the shareholder approval required under section 15(a) of the Act and rule 18f-2 under the Act.² Applicants also seek an exemption from the Disclosure Requirements to permit a Subadvised Series to disclose (as both a dollar amount and a percentage of the Subadvised Series's net assets): (a) The aggregate fees paid to the Advisor and any Wholly-Owned Sub-Advisors; (b) the aggregate fees paid to Sub-Advisors other than Affiliated Sub-Advisors and (c) the aggregate fees paid to any Affiliated Sub-Advisor (collectively, "Aggregate Fee Disclosure").

3. 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 provide for, among other safeguards, appropriate disclosure to Subadvised Series shareholders and notification about sub-advisory changes and enhanced Board oversight to protect the interests of the Subadvised Series' shareholders.

4. Section 6(c) 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 provisions of the Act, or any rule thereunder, if such relief is necessary or appropriate in the public interest and consistent with the protection of investors and purposes fairly intended by the policy and provisions of the Act. Applicants believe that the requested relief meets this standard because, as further explained in the Application, the Investment Management Agreements will remain subject to shareholder approval, while the role of the Sub-Advisors is substantially similar to that

² The requested relief will not extend to any Sub-Advisor, other than a Wholly-Owned Sub-Advisor, that is an affiliated person, as defined in section 2(a)(3) of the Act, of a Subadvised Series or the Advisor, other than by reason of serving as a sub-adviser to one or more of the Subadvised Series ("Affiliated Sub-Advisor").

of individual portfolio managers, so that requiring shareholder approval of Sub-Advisory Agreements would impose unnecessary delays and expenses on the Subadvised Series. Applicants believe that the requested relief from the Disclosure Requirements meets this standard because it will improve the Advisor's ability to negotiate fees paid to the Sub-Advisors that are more advantageous for the Funds.

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

Eduardo A. Aleman,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80050; File No. SR-BatsBZX-2017-13]

Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Its Option Regulatory Fees as They Relate to the Equity Options Platform

February 16, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on February 8, 2017, Bats BZX Exchange, Inc. (the "Exchange" or "BZX") 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 Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposed rule change effective upon filing with the Commission. 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

The Exchange filed a proposal to amend the fee schedule applicable to

Members⁵ and non-Members of the Exchange pursuant to BZX Rules 15.1(a) and (c) to amend its Options Regulatory Fee ("ORF").

The text of the proposed rule change is available at the Exchange's Web site at www.bats.com, 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 Exchange 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 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

The Exchange proposes to modify the fee schedule applicable to the Exchange's options platform ("BZX Options") to amend the rate of its ORF.⁶ Currently, the Exchange charges an ORF in the amount of \$0.0010 per contract side. The Exchange proposes to decrease the amount of ORF to \$0.0009 per contract side.⁷ The proposed change to

⁵ The term "Member" is defined as "any registered broker or dealer that has been admitted to membership in the Exchange." See Exchange Rule 1.5(n).

⁶ The Exchange also proposes to insert a colon after the title "Options Regulatory Fee".

⁷ The Exchange notes that it previously proposed to decrease its ORF of \$0.0008 per contract in August 2016 and to assess ORF to each Member and non-Member for all options transactions cleared by OCC in the "customer" range, regardless of the exchange on which the transaction occurred. See Securities Exchange Act Release No. 78453 (August 1, 2016), 81 FR 51954 (August 5, 2016) (SR-BatsBZX-2016-42). The Exchange then filed to delay the implementation of SR-BatsBZX-2016-42 until February 1, 2017. See Securities Exchange Act Release No. 78746 (September 1, 2016), 81 FR 62225 (September 8, 2016) (SR-BatsBZX-2016-52). The Commission later issued an order suspending and [sic] SR-BatsBZX-2016-42 and instituted proceedings to determine whether to approve or disapprove the proposed rule change asking whether the [sic] "a sufficient regulatory nexus exists between the Exchange and a non-Member to justify imposition of the ORF on such non-Member." See Securities Exchange Act Release No. 78849 (September 15, 2016), 81 FR 64960 (September 21, 2016). On January 10, 2017, the Exchange withdrew SR-BatsBZX-2016-42. The Exchange also proposes in this filing to remove text from its fee schedule adopted by SR-BatsBZX-

ORF should continue to balance the Exchange's regulatory expenses against the anticipated revenue.

The per-contract ORF is assessed by the Exchange on each Member for all options transactions executed and cleared, or simply cleared, by the Member, that are cleared by OCC in the "customer" range, regardless of the exchange on which the transaction occurs. The ORF is collected indirectly from Members through their clearing firms by OCC on behalf of the Exchange. The ORF is also charged for transactions that are not executed by a Member but are ultimately cleared by a Member. Thus, in the case where a non-Member executes a transaction and a Member clears the transaction, the ORF is assessed to the Member who clears the transaction. Similarly, in the case where a Member executes a transaction and another Member clears the transaction, the ORF is assessed to the Member who clears the transaction.

The ORF is designed to recover a material portion of the costs to the Exchange of the supervision and regulation of Members' customer options business, including performing routine surveillances and investigations, as well as policy, rulemaking, interpretive and enforcement activities. The Exchange believes that revenue generated from the ORF, when combined with all of the Exchange's other regulatory fees and fines, will continue to cover a material portion, but not all, of the Exchange's regulatory costs.⁸

The Exchange will continue to monitor the amount of revenue collected from the ORF to ensure that it, in combination with its other regulatory fees and fines, does not exceed the Exchange's total regulatory costs. The Exchange expects to monitor its regulatory costs and revenues at a minimum on a semi-annual basis. If the Exchange determines regulatory revenues exceed or are insufficient to cover a material portion of its regulatory costs, the Exchange will adjust the ORF by submitting a fee change filing to the Commission. The Exchange will continue to notify Members of adjustments to the ORF at least 30

2016-52 which delayed the implementation of SR-BatsBZX-2016-42 until February 1, 2017.

⁸ The Exchange notes that its regulatory responsibilities with respect to compliance with options sales practice rules has been allocated to the Financial Industry Regulatory Authority, Inc. ("FINRA") under a 17d-2 Agreement. The ORF is not designed to cover the cost of options sales practice regulation.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).