

investors with a broader choice of shareholder services. Applicants assert that the proposed closed-end investment company multiple class structure does not raise the concerns underlying section 18 of the Act to any greater degree than open-end investment companies' multiple class structures that are permitted by rule 18f-3 under the Act. Applicants state that each Fund will comply with the provisions of rule 18f-3 as if it were an open-end investment company.

Early Withdrawal Charges

1. Section 23(c) of the Act provides, in relevant part, that no registered closed-end investment company shall purchase securities of which it is the issuer, except: (a) On a securities exchange or other open market; (b) pursuant to tenders, after reasonable opportunity to submit tenders given to all holders of securities of the class to be purchased; or (c) under other circumstances as the Commission may permit by rules and regulations or orders for the protection of investors.

2. Rule 23c-3 under the Act permits an "interval fund" to make repurchase offers of between five and twenty-five percent of its outstanding shares at net asset value at periodic intervals pursuant to a fundamental policy of the interval fund. Rule 23c-3(b)(1) under the Act permits an interval fund to deduct from repurchase proceeds only a repurchase fee, not to exceed two percent of the proceeds, that is paid to the interval fund and is reasonably intended to compensate the fund for expenses directly related to the repurchase.

3. Section 23(c)(3) provides that the Commission may issue an order that would permit a closed-end investment company to repurchase its shares in circumstances in which the repurchase is made in a manner or on a basis that does not unfairly discriminate against any holders of the class or classes of securities to be purchased.

4. Applicants request relief under section 6(c), discussed above, and section 23(c)(3) from rule 23c-3 to the extent necessary for the Funds to impose EWCs on shares of the Funds submitted for repurchase that have been held for less than a specified period.

5. Applicants state that the EWCs they intend to impose are functionally similar to CDSLs imposed by open-end investment companies under rule 6c-10 under the Act. Rule 6c-10 permits open-end investment companies to impose CDSLs, subject to certain conditions. Applicants note that rule 6c-10 is grounded in policy considerations supporting the employment of CDSLs

where there are adequate safeguards for the investor and state that the same policy considerations support imposition of EWCs in the interval fund context. In addition, applicants state that EWCs may be necessary for the distributor to recover distribution costs. Applicants represent that any EWC imposed by the Funds will comply with rule 6c-10 under the Act as if the rule were applicable to closed-end investment companies. The Funds will disclose EWCs in accordance with the requirements of Form N-1A concerning CDSLs.

Asset-Based Distribution and/or Service Fees

1. Section 17(d) of the Act and rule 17d-1 under the Act prohibit an affiliated person of a registered investment company, or an affiliated person of such person, acting as principal, from participating in or effecting any transaction in connection with any joint enterprise or joint arrangement in which the investment company participates unless the Commission issues an order permitting the transaction. In reviewing applications submitted under section 17(d) and rule 17d-1, the Commission considers whether the participation of the investment company in a joint enterprise or joint arrangement is consistent with the provisions, policies and purposes of the Act, and the extent to which the participation is on a basis different from or less advantageous than that of other participants.

2. Rule 17d-3 under the Act provides an exemption from section 17(d) and rule 17d-1 to permit open-end investment companies to enter into distribution arrangements pursuant to rule 12b-1 under the Act. Applicants request an order under section 17(d) and rule 17d-1 under the Act to the extent necessary to permit the Fund to impose asset-based distribution and/or service fees. Applicants have agreed to comply with rules 12b-1 and 17d-3 as if those rules applied to closed-end investment companies, which they believe will resolve any concerns that might arise in connection with a Fund financing the distribution of its shares through asset-based distribution fees.

3. For the reasons stated above, applicants submit that the exemptions requested under section 6(c) are necessary and appropriate in the public interest and are consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Applicants further submit that the relief requested pursuant to section 23(c)(3) will be consistent with the protection of

investors and will insure that applicants do not unfairly discriminate against any holders of the class of securities to be purchased. Finally, applicants state that the Funds' imposition of asset-based distribution and/or service fees is consistent with the provisions, policies and purposes of the Act and does not involve participation on a basis different from or less advantageous than that of other participants.

Applicants' Condition

Applicants agree that any order granting the requested relief will be subject to the following condition:

Each Fund relying on the order will comply with the provisions of rules 6c-10, 12b-1, 17d-3, 18f-3, 22d-1, and, where applicable, 11a-3 under the Act, as amended from time to time, as if those rules applied to closed-end management investment companies, and will comply with the FINRA Sales Charge Rule, as amended from time to time, as if that rule applied to all closed-end management investment companies.

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. 34-84049; File No. SR-NYSEArca-2018-38]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Amendment No. 1 and Order Approving on an Accelerated Basis a Proposed Rule Change, as Modified by Amendment No. 1, Relating to the Continued Listing Criteria Applicable to the Shares of the iShares California AMT Free Muni Bond ETF and iShares New York AMT-Free Muni Bond ETF

September 6, 2018.

I. Introduction

On May 21, 2018, NYSE Arca, Inc. ("Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to modify the continued listing criteria applicable to the shares ("Shares") of the iShares California

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

AMT-Free Muni Bond ETF (“CA Fund”) and iShares New York AMT-Free Muni Bond ETF (“NY Fund”) and, together with the CA Fund, “Funds”). The proposed rule change was published for comment in the **Federal Register** on June 11, 2018.³ On July 24, 2018, pursuant to Section 19(b)(2) of the Act,⁴ the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.⁵ On September 5, 2018, the Exchange filed Amendment No. 1 to the proposed rule change,⁶ which superseded the proposed rule change as originally filed. The Commission received no comment letters on the proposed rule change. The Commission is publishing this notice to solicit comments on Amendment No. 1 from interested persons, and is approving the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

II. Description of the Proposed Rule Change⁷

Blackrock Fund Advisors (“Adviser”) is the investment adviser for the Funds. Under normal market conditions, the CA Fund invests at least 90% of its assets in the component securities of the S&P California AMT-Free Muni Bond Index (“CA Index”), which measures the performance of the investment-grade segment of the California municipal bond market.⁸ Similarly, under normal market conditions, the NY Fund invests

at least 90% of its assets in the component securities of the S&P New York AMT-Free Muni Bond Index (“NY Index”) and, together with CA Index, “Indexes”), which measures the performance of the investment-grade segment of the New York municipal bond market.⁹

Currently, the Exchange lists and trades the Shares under NYSE Arca Rule 5.2–E(j)(3), which governs the listing and trading of Investment Company Units, and pursuant to an order approving the Exchange’s proposal to list and trade the Shares.¹⁰ The representations made by the Exchange in support of that proposed rule change constitute continued listing requirements for the Shares.¹¹ The Exchange, with this filing, now proposes to amend the continued listing requirements applicable to the Shares.

Currently, for the Exchange to list and trade shares of the CA Fund, each bond in the CA Index must: (1) Be a constituent of an offering where the original offering amount of the constituent bonds in the aggregate was at least \$100 million; (2) have a total minimum par amount of \$25 million; and (3) maintain a total minimum par amount greater than or equal to \$25 million as of the next rebalancing date. Further, the CA Index must include at least 500 component securities.

The Exchange proposes to amend the continued listing requirements for the shares of the CA Fund such that: (1) At least 90% of the weight of the CA Index must consist of securities that have an outstanding par value of at least \$15 million and were issued as part of a transaction of at least \$100 million; and (2) the CA Index must contain at least 500 component securities.

Currently, for the Exchange to list and trade shares of the NY Fund, each bond in the NY Index must: (1) Be a constituent of an offering where the original offering amount of the constituent bonds in the aggregate was at least \$100 million; (2) have a minimum total par amount of \$25 million; and (3) maintain a minimum total par amount greater than or equal to \$25 million as of the next rebalancing

date. Further, the NY Index must include at least 500 component securities.

The Exchange proposes to amend the continued listing requirements for the shares of the NY Fund such that: (1) At least 90% of the weight of the NY Index must consist of securities that have an outstanding par value of at least \$5 million and were issued as part of a transaction of at least \$20 million; and (2) the NY Index must contain at least 500 component securities.

The Exchange represents that, except for Commentary .02(a)(2) to NYSE Arca Rule 5.2–E(j)(3), the CA Index and NY Index each will continue to satisfy all of the requirements under NYSE Arca Rule 5.2–E(j)(3).¹²

III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.¹³ In particular, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act,¹⁴ which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. The proposed minimum outstanding par value and transaction size requirements for constituents of the Indexes are consistent with those approved by the Commission for similar products.¹⁵ Moreover, there is no change to the current continued listing criterion that each Index includes at least 500 component securities. Further, the Exchange represents that the CA Index and NY Index each will continue to satisfy all of the requirements under NYSE Arca Rule 5.2–E(j)(3) except for Commentary .02(a)(2) to NYSE Arca

³ See Securities Exchange Act Release No. 83381 (June 5, 2018), 83 FR 27042 (“Notice”).

⁴ 15 U.S.C. 78s(b)(2).

⁵ See Securities Exchange Act Release No. 83694, 83 FR 36641 (July 30, 2018). The Commission designated September 9, 2018, as the date by which the Commission shall approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.

⁶ In Amendment No. 1, the Exchange (1) eliminated an issuer concentration requirement from the proposed continued listing criteria applicable to the Shares, (2) deleted the condition that would have required a change to the index methodology before the proposed continued listing criteria would apply, (3) modified its justification as to why the proposed rule change is consistent with the Act, and (4) made other technical changes. Amendment No. 1 is available on the Commission’s website at: <https://www.sec.gov/comments/sr-nysearca-2018-38/srnysearca201838-4307304-173215.pdf>.

⁷ Additional information regarding the Shares, Funds, and their underlying indexes is available in Amendment No. 1, *supra* note 6.

⁸ With respect to the remaining 10% of its assets, the CA Fund may invest in short-term debt instruments issued by state governments, municipalities or local authorities, cash, exchange-traded U.S. Treasury futures, and municipal money market funds, as well as municipal bond securities not included in the CA Index, but which the Adviser believes will help the CA Fund track the CA Index.

⁹ With respect to the remaining 10% of its assets, the NY Fund may invest in short-term debt instruments issued by state governments, municipalities or local authorities, cash, exchange-traded U.S. Treasury futures, and municipal money market funds, as well as municipal bond securities not included in the NY Index, but which the Adviser believes will help the NY Fund track the NY Index.

¹⁰ See Securities Exchange Act Release No. 82295 (December 12, 2017), 82 FR 60056 (December 18, 2017) (File No. SR–NYSEArca–2017–56) (“Listing Approval Order”).

¹¹ See NYSE Arca Rule 5.2–E(j)(3).

¹² See Amendment No. 1, *supra* note 6.

¹³ In approving this proposed rule change, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹⁴ 15 U.S.C. 78f(b)(5).

¹⁵ See Listing Approval Order, *supra* note 10 (approving the listing and trading of shares of the VanEck Vectors—AMT-Free Long Municipal Index and VanEck Vectors—High Yield Municipal Index ETFs, among other funds).

Rule 5.2–E(j)(3).¹⁶ The Commission notes that the Exchange proposes no other changes to the Funds. Accordingly, the Commission believes that the proposed continued listing requirements are adequately designed to help deter manipulation of the Shares.

For the foregoing reasons, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with Sections 6(b)(5) and 11A of the Act and the rules and regulations thereunder applicable to a national securities exchange.

IV. Solicitation of Comments on Amendment No. 1

Interested persons are invited to submit written data, views, and arguments concerning Amendment No. 1. 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–NYSEArca–2018–38 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–NYSEArca–2018–38. 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 this filing will also 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–NYSEArca–2018–38 and should be submitted on or before October 3, 2018.

V. Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 1

The Commission finds good cause to approve the proposed rule change, as modified by Amendment No. 1, prior to the 30th day after the date of publication of notice of Amendment No. 1 in the **Federal Register**. Amendment No. 1 supplements the proposal by, among other things, eliminating an issuer concentration requirement from the proposed continued listing criteria applicable to the Shares and deleting the condition that would require a change to the index methodology before the proposed continued listing criteria would apply. The changes and additional information in Amendment No. 1 raise no novel issues and assist the Commission in finding that the proposal is consistent with the Act. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Exchange Act,¹⁷ to approve the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

VI. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁸ that the proposed rule change (SR–NYSEArca–2018–38), as modified by Amendment No. 1 thereto, be, and hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹

Eduardo A. Aleman,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–84045; File No. SR–CBOE–2018–062]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of a Proposed Rule Change To Amend Rule 6.2, Interpretation and Policy .01 Concerning Strategy Orders

September 6, 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 August 24, 2018, Cboe Exchange, Inc. (“Exchange” or “Cboe Options”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. 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

Cboe Options proposes a rule change to amend and clarify the definition of a strategy order, clarify other definitions related to the modified HOSS procedure, and permit the entry of orders that offset imbalances after the strategy order cut-off time.

(additions are *italicized*; deletions are [bracketed])

* * * * *

Rules of Cboe Exchange, Inc.

* * * * *

Rule 6.2. Hybrid Opening (and Sometimes Closing) System (“HOSS”)

(a)–(h) No change.

. . . *Interpretations and Policies:*

.01 Modified Opening Procedure for Series Used to Calculate the Exercise[/] or Final Settlement Value[s] of Expiring Volatility Index[es] Derivatives.

(a) *Definitions.* For purposes of this Interpretation and Policy .01, the following terms have the meanings below:

Volatility Index Derivatives

The term “volatility index derivatives” means volatility index options listed for trading on the Exchange (as determined under Rule 24.9(a)(5) and (6)), (security) futures

¹⁷ 15 U.S.C. 78s(b)(2).

¹⁸ 15 U.S.C. 78f(b)(2).

¹⁹ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

¹⁶ See *supra* note 12 and accompanying text.