

under sections 6(c) and 17(b) of the Investment Company Act of 1940 (the "Act") exempting applicants from section 17(a) of the Act. The order permits certain registered management investment companies to engage in certain primary and secondary market transactions in fixed-income securities on a principal basis with certain broker-dealers and banks that are affiliated persons of the registered management investment companies solely by virtue of non-controlling ownership interests in such investment companies.

On June 24, 2015, a notice of the filing of the application was issued (Investment Company Act Release No. 31697). The notice gave interested persons an opportunity to request a hearing and stated that an order granting the application would be issued unless a hearing was ordered. No request for a hearing has been filed, and the Commission has not ordered a hearing.

The matter has been considered and it is found, on the basis of the information set forth in the application, as amended, that granting the requested exemption is 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.

It is also found that the terms of the proposed transactions, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned, and that the proposed transactions are consistent with the policy of each registered investment company concerned and with the general purposes of the Act.

Accordingly,

*It is ordered*, under sections 6(c) and 17(b) of the Act, that the relief requested by Cash Trust Series Inc., *et al.* (File No. 812-13875-47) is granted, effective immediately, subject to the conditions contained in the application, as amended.

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

**Robert W. Errett,**  
*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-75487; File No. SR-DTC-2015-007]

### Self-Regulatory Organizations; The Depository Trust Company; Order Approving Proposed Rule Change Regarding the Discontinuance of the Distribution of Fractional Shares in Respect of Corporate Actions for New Issues in DTC's System

July 20, 2015.

#### I. Introduction

On May 27, 2015, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") proposed rule change SR-DTC-2015-007 pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to discontinue the option offered by DTC to issuers that allows for the distribution of fractional shares of securities in DTC's system, when DTC is handling fractional dispositions of shares resulting from corporate actions, for new issues, as more fully described below. The proposed rule change was published for comment in the **Federal Register** on June 8, 2015.<sup>3</sup> The Commission did not receive comment letters regarding the proposed change. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

#### II. Description of the Proposed Rule Change

The following is a description of the proposed rule change, as provided by DTC:

DTC's purpose with the proposed rule change is to discontinue the option offered by DTC to issuers that allows for the distribution of fractional shares of securities in DTC's system, when DTC is handling fractional dispositions of shares resulting from corporate actions, for new issues, as more fully described below.<sup>4</sup>

#### Background

When a securities issue is made eligible at DTC, DTC has offered three options to the issuer for handling the disposition of fractional shares in DTC's

system resulting from a corporate action for the issue. The issuer may: (i) Round up to the next full share or drop fractions, (ii) pay "cash-in-lieu" of fractional shares, or (iii) issue the fractional shares into an identifying number ("Fractional Identifier") generated by DTC.<sup>5</sup> The assets comprising the disposition of fractional shares, whether in the form of shares or cash, once received from the issuer's transfer or paying agent, are credited by DTC in proportional amounts to the respective accounts of Participants depending on the amount shares of the issue they have on deposit. Participants then distribute credits on their own books, as applicable, to their customers that hold beneficial interests in those shares.

The first two options for handling the disposition of fractional shares are specified in the DTC Distributions Service Guide ("Guide")<sup>6</sup> and DTC's Operational Arrangements ("OA").<sup>7</sup> Distributions of fractional shares in DTC's system under the third option are delivered to Participants in accordance with the provisions of DTC Rule 6 that are applicable to DTC services related to Deposited Securities.<sup>8</sup>

#### Proposal

Fractional shares are not tradable. The distribution of fractional shares in respect of corporate actions reduces efficiencies for investors in an issue, including with respect to the value and transferability of assets delivered, as investors are required to wait for an extended period for the aggregation of fractional shares into a full share that may be traded. Tracking, processing and reporting of fractional shares separately from the associated CUSIP, which are necessitated by this process, increases costs to DTC and the industry.

In order to improve efficiencies for investors and reduce costs for DTC and the industry, DTC has proposed to discontinue the option for issuers to distribute any fractional shares for new issues into DTC's system. DTC will continue to allow issuers undergoing a corporate action with a choice between:

<sup>5</sup> The Fractional Identifier generated for the third option above has been separate from the CUSIP® identifier ("CUSIP") that is universally recognized by the marketplace.

<sup>6</sup> See the Guide, p. 31, available at <http://www.dtcc.com/-/media/Files/Downloads/legal/service-guides/Distributions%20Service%20Guide%20FINAL%20November%202014.pdf>.

<sup>7</sup> See the OA, p. 31, available at <http://www.dtcc.com/-/media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf>.

<sup>8</sup> See DTC Rules (Rule 6 (Services)), p. 45, available at [http://www.dtcc.com/-/media/Files/Downloads/legal/rules/dtc\\_rules.pdf](http://www.dtcc.com/-/media/Files/Downloads/legal/rules/dtc_rules.pdf).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> Securities Exchange Act Release No. 75094 (June 2, 2015), 80 FR 32425 (June 8, 2015) (File No. SR-DTC-2015-007).

<sup>4</sup> Terms not otherwise defined herein have the meaning set forth in the DTC Rules and Procedures ("DTC Rules"), available at <http://www.dtcc.com/legal/rules-and-procedures.aspx>.

(i) the rounding up and dropping of fractions, and (ii) the payment of cash-in-lieu of fractional shares. DTC will maintain the Fractional Identifiers previously designated for existing fractional shares within DTC, and continue to perform corporate actions processing with respect to those Fractional Identifiers.

**Implementation**

The effective date of the proposed rule change will be announced via a DTC Important Notice.

**III. Discussion and Commission Findings**

Section 19(b)(2)(C) of the Act<sup>9</sup> directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and rules and regulations thereunder applicable to such organization. Section 17A(b)(3)(F) of the Act requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions, as well as, in general, protect investors and the public interest.<sup>10</sup>

The Commission finds the proposed rule change consistent with the Act. More specifically, the Commission finds that the proposed rule change is consistent with section 17A(b)(3)(F) of the Act.<sup>11</sup> By eliminating the distribution of fractional shares for new issues within DTC's system, the proposed rule change should, as represented by DTC, improve efficiencies for investors relating to the disposition of fractional shares in corporate-action events, as well as reduce the costs for DTC and the industry relating to DTC tracking, processing and reporting on separate Fractional Identifiers for those issues, consistent with the provisions of section 17A(b)(3)(F) of the Act which require that the rules of the clearing agency be designed, among other things, to promote the prompt and accurate clearance and settlement of securities transactions, as well as, in general, to protect investors and the public interest.<sup>12</sup>

**IV. Conclusion**

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the

requirements of section 17A of the Act<sup>13</sup> and the rules and regulations thereunder.

*It is therefore ordered*, pursuant to section 19(b)(2) of the Act, that proposed rule change SR-DTC-2015-007 be, and hereby is, *approved*.<sup>14</sup>

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>15</sup>

**Robert W. Errett,**

*Deputy Secretary.*

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**SMALL BUSINESS ADMINISTRATION**

**[Disaster Declaration #14371 and #14372]**

**Louisiana Disaster #LA-00009**

**AGENCY:** U.S. Small Business Administration.

**ACTION:** Notice.

**SUMMARY:** This is a Notice of the Presidential declaration of a major disaster for Public Assistance Only for the State of Louisiana (FEMA-4228-DR), dated 07/13/2015.

*Incident:* Severe Storms and Flooding.  
*Incident Period:* 05/18/2015 through 06/20/2015.

**DATES:** *Effective Date:* 07/13/2015.

*Physical Loan Application Deadline Date:* 09/11/2015.

*Economic Injury (EIDL) Loan Application Deadline Date:* 04/13/2016.

**ADDRESSES:** Submit completed loan applications to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

**FOR FURTHER INFORMATION CONTACT:** A. Escobar, Office of Disaster Assistance, U.S. Small Business Administration, 409 3rd Street SW., Suite 6050, Washington, DC 20416.

**SUPPLEMENTARY INFORMATION:** Notice is hereby given that as a result of the President's major disaster declaration on 07/13/2015, Private Non-Profit organizations that provide essential services of governmental nature may file disaster loan applications at the address listed above or other locally announced locations.

The following areas have been determined to be adversely affected by the disaster:

*Primary Parishes:*

<sup>13</sup> 15 U.S.C. 78q-1.

<sup>14</sup> In approving the proposed rule change, the Commission considered the proposal's impact on efficiency, competition, and capital formation. <sup>15</sup> U.S.C. 78c(f).

<sup>15</sup> 17 CFR 200.30-3(a)(12).

Bossier, Caddo, Grant, Natchitoches, Red River.

The Interest Rates are:

	Percent
<i>For Physical Damage:</i>	
Non-Profit Organizations With Credit Available Elsewhere ...	2.625
Non-Profit Organizations Without Credit Available Elsewhere .....	2.625
<i>For Economic Injury:</i>	
Non-Profit Organizations Without Credit Available Elsewhere .....	2.625

The number assigned to this disaster for physical damage is 14371B and for economic injury is 14372B. (Catalog of Federal Domestic Assistance Numbers 59002 and 59008)

**Lisa Lopez-Suarez,**

*Acting Associate Administrator for Disaster Assistance.*

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**SMALL BUSINESS ADMINISTRATION**

**[Disaster Declaration #14344 and #14345]**

**Oklahoma Disaster Number OK-00081**

**AGENCY:** U.S. Small Business Administration.

**ACTION:** Amendment 5.

**SUMMARY:** This is an amendment of the Presidential declaration of a major disaster for Public Assistance Only for the State of Oklahoma (FEMA-4222-DR), dated 06/04/2015.

*Incident:* Severe storms, tornadoes, straight line winds, and flooding.

*Incident Period:* 05/05/2015 through 06/04/2015.

**DATES:** *Effective Date:* 07/10/2015.

*Physical Loan Application Deadline Date:* 08/03/2015.

*Economic Injury (EIDL) Loan Application Deadline Date:* 03/04/2016.

**ADDRESSES:** Submit completed loan applications to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

**FOR FURTHER INFORMATION CONTACT:** A. Escobar, Office of Disaster Assistance, U.S. Small Business Administration, 409 3rd Street SW., Suite 6050, Washington, DC 20416.

**SUPPLEMENTARY INFORMATION:** The notice of the President's major disaster declaration for Private Non-Profit organizations in the State of Oklahoma, dated 06/04/2015, is hereby amended to

<sup>9</sup> 15 U.S.C. 78s(b)(2)(C).

<sup>10</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*