

should refer to File Number SR-FINRA-2016-037, and should be submitted on or before November 2, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁶

Dated: October 5, 2016.

Brent J. Fields,
Secretary.

[FR Doc. 2016-24575 Filed 10-11-16; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 32306; File No. 812-14609]

Harris Associates Investment Trust, et al.; Notice of Application

October 5, 2016.

AGENCY: Securities and Exchange Commission (“Commission”).

ACTION: Notice of an application for an order pursuant to: (a) Section 6(c) of the Investment Company Act of 1940 (“Act”) granting an exemption from sections 18(f) and 21(b) of the Act; (b) section 12(d)(1)(j) of the Act granting an exemption from section 12(d)(1) of the Act; (c) sections 6(c) and 17(b) of the Act granting an exemption from sections 17(a)(1), 17(a)(2) and 17(a)(3) of the Act; and (d) section 17(d) of the Act and rule 17d-1 under the Act to permit certain joint arrangements and transactions. Applicants request an order that would permit certain registered open-end management investment companies to participate in a joint lending and borrowing facility.

APPLICANTS: Harris Associates Investment Trust (the “Trust”), a Massachusetts business trust registered under the Act as an open-end management investment company with multiple series and Harris Associates L.P. (the “Adviser”), a Delaware limited partnership registered as an investment adviser under the Investment Advisers Act of 1940.

FILING DATES: The application was filed on February 8, 2016 and amended on June 21, 2016.

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 October 31, 2016 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: 111 S. Wacker Drive, Suite 4600, Chicago, Illinois 60606-4319.

FOR FURTHER INFORMATION CONTACT: Emerson S. Davis, Senior Counsel, at (202) 551-6868 or Daniele Marchesani, Branch Chief, 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 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 that would permit the applicants to participate in an interfund lending facility where each Fund could lend money directly to and borrow money directly from other Funds to cover unanticipated cash shortfalls, such as unanticipated redemptions or trade fails.¹ The Funds will not borrow under the facility for leverage purposes and the loans’ duration will be no more than 7 days.²

2. Applicants anticipate that the proposed facility would provide a borrowing Fund with a source of liquidity at a rate lower than the bank borrowing rate at times when the cash position of the Fund is insufficient to

¹ Applicants request that the order apply to the applicants and to any existing or future registered open-end management investment company or series thereof for which the Adviser or any successor thereto or an investment adviser controlling, controlled by, or under common control with the Adviser or any successor thereto serves as investment adviser (each a “Fund” and collectively the “Funds”) and each such investment adviser an “Adviser”). For purposes of the requested order, “successor” is limited to any entity that results from a reorganization into another jurisdiction or a change in the type of a business organization. Applicants are not requesting that the order also apply, and the order will not apply, to any fund or series that is a money market fund that complies with Rule 2a-7 under the Act.

² Any Fund, however, will be able to call a loan on one business day’s notice.

meet temporary cash requirements. In addition, Funds making short-term cash loans directly to other Funds would earn interest at a rate higher than they otherwise could obtain from investing their cash in repurchase agreements or certain other short term money market instruments. Thus, applicants assert that the facility would benefit both borrowing and lending Funds.

3. Applicants agree that any order granting the requested relief will be subject to the terms and conditions stated in the Application. Among others, the Adviser, through a designated committee, would administer the facility as a disinterested fiduciary as part of its duties under the investment management agreements with the Funds and would receive no additional fee as compensation for its services in connection with the administration of the facility. The facility would be subject to oversight and certain approvals by the Funds’ Board, including, among others, approval of the interest rate formula and of the method for allocating loans across Funds, as well as review of the process in place to evaluate the liquidity implications for the Funds. A Fund’s aggregate outstanding interfund loans will not exceed 15% of its net assets, and the Fund’s loans to any one Fund will not exceed 5% of the lending Fund’s net assets.³

4. Applicants assert that the facility does not raise the concerns underlying section 12(d)(1) of the Act given that the Funds are part of the same group of investment companies and there will be no duplicative costs or fees to the Funds.⁴ Applicants also assert that the proposed transactions do not raise the concerns underlying sections 17(a)(1), 17(a)(3), 17(d) and 21(b) of the Act as the Funds would not engage in lending transactions that unfairly benefit insiders or are detrimental to the Funds. Applicants state that the facility will offer both reduced borrowing costs and enhanced returns on loaned funds to all participating Funds and each Fund would have an equal opportunity to borrow and lend on equal terms based on an interest rate formula that is objective and verifiable. With respect to the relief from section 17(a)(2) of the Act, applicants note that any collateral pledged to secure an interfund loan would be subject to the same conditions imposed by any other lender to a Fund

³ Under certain circumstances, a borrowing Fund will be required to pledge collateral to secure the loan.

⁴ Applicants state that the obligation to repay an interfund loan could be deemed to constitute a security for the purposes of sections 17(a)(1) and 12(d)(1) of the Act.

²⁶ 17 CFR 200.30-3(a)(12).

that imposes conditions on the quality of or access to collateral for a borrowing (if the lender is another Fund) or the same or better conditions (in any other circumstance).⁵

5. Applicants also believe that the limited relief from section 18(f)(1) of the Act that is necessary to implement the facility (because the lending Funds are not banks) is appropriate in light of the conditions and safeguards described in the application and because the Funds would remain subject to the requirement of section 18(f)(1) that all borrowings of a Fund, including combined interfund loans and bank borrowings, have at least 300% asset coverage.

6. 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. Rule 17d-1(b) under the Act provides that in passing upon an application filed under the rule, the Commission will consider whether the participation of the registered investment company in a joint enterprise, joint arrangement or profit sharing plan on the basis proposed is consistent with the provisions, policies and purposes of the Act and the extent to which such participation is on a basis different from or less advantageous than that of the other participants.

⁵ Applicants state that any pledge of securities to secure an interfund loan could constitute a purchase of securities for purposes of section 17(a)(2) of the Act.

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

Robert W. Errett,
Deputy Secretary.

[FR Doc. 2016-24568 Filed 10-11-16; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-79053; File No. SR-BatsBZX-2016-35]

Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Order Granting Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1, 2, and 3, To List and Trade Shares of the JPMorgan Global Bond Opportunities ETF of the J.P. Morgan Exchange-Traded Fund Trust Under BZX Rule 14.11(i), Managed Fund Shares

October 5, 2016.

I. Introduction

On July 1, 2015, Bats BZX Exchange, Inc. (“Exchange” or “BZX”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”)² and Rule 19b-4 thereunder,³ a proposed rule change to list and trade shares (“Shares”) of the JPMorgan Global Bond Opportunities ETF (“Fund”) of the J.P. Morgan Exchange-Traded Fund Trust (“Trust”) under BZX Rule 14.11(i). The proposed rule change was published for comment in the **Federal Register** on July 14, 2016.⁴ On August 18, 2016, the Commission extended the time period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to approve or disapprove the proposed rule change to October 12, 2016.⁵ On August 30, 2016, the Exchange filed Amendment No. 1 to the proposed rule change. On October 3, 2016, the Exchange filed Amendment No. 2 to the proposed rule change.⁶ On

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

⁴ See Securities Exchange Act Release No. 78264 (July 8, 2016), 81 FR 45546 (“Notice”).

⁵ See Securities Exchange Act Release No. 78613 (August 18, 2016), 81 FR 57967 (August 24, 2016).

⁶ Amendment No. 2 replaced Amendment No. 1, which amended and replaced the original filing in its entirety. In Amendment No. 2, the Exchange: (1) clarified the Fund’s investments in instruments that provide exposure to countries other than the U.S.; (2) added the defined terms “Bonds” and “Non-Bonds” to describe and clarify some of the Fund’s investments; (3) provided additional detail regarding restrictions on the Fund’s investments in non-agency asset-backed securities; (4) clarified restrictions on the Fund’s investments in municipal

October 4, 2016, the Exchange filed Amendment No. 3 to the proposed rule change.⁷ The Commission received no comments on the proposed rule change. This order grants approval of the proposed rule change, as modified by Amendment Nos. 1, 2, and 3.

II. Description of the Proposal

The Exchange proposes to list and trade the Shares under BZX Rule 14.11(i), which governs the listing and trading of Managed Fund Shares on the Exchange. The Shares will be offered by the Trust. According to the Exchange, the Trust is registered with the Commission as an open-end investment company and has filed a registration statement with respect to the Fund on Form N-1A (“Registration Statement”) with the Commission.⁸

J.P. Morgan Investment Management Inc. will be the investment adviser (“Adviser”) to the Fund. The Adviser will serve as the administrator for the Fund. SEI Investments Distribution Co. serves as the distributor for the Trust. JPMorgan Chase Bank, N.A. will act as the custodian and transfer agent for the Trust. The Exchange states that the Adviser is not registered as a broker-dealer but that the Adviser is affiliated with a broker-dealer and has implemented a “fire wall” with respect to such broker-dealer regarding access to

securities; (5) provided additional clarity regarding the definition of private placements, restricted securities, and unregistered securities, as well as restrictions on such holdings; (6) provided additional description of restrictions on the Fund’s structured investments; (7) provided additional clarification regarding the types of derivatives and foreign currency transactions in which the Fund may invest; (8) provided additional detail regarding the Fund’s coverage of options; (9) provided additional detail regarding the commodity-related pooled investment vehicles that the Fund may hold; and (10) provided additional clarification regarding the Fund’s valuation of convertible securities, warrants and rights, and custodial receipts. Because the changes in Amendment No. 2 to the proposed rule change clarify certain statements in the proposal and do not materially alter the substance of the proposed rule change or raise any novel regulatory issues, it is not subject to notice and comment.

⁷ In Amendment No. 3, which partially amended Amendment No. 2 to the proposed rule change, the Exchange: (i) Added a citation to a Commission Order in support of proposed restrictions on the Fund’s investments in municipal securities; and (ii) consolidated footnotes into a single footnote. Amendment No. 3 is not subject to notice and comment because it is a technical amendment that does not materially alter the substance of the proposed rule change or raise any novel regulatory issues.

⁸ See Registration Statement on Form N-1A for the Trust, dated May 26, 2016 (File Nos. 333-191837 and 811-22903). The Exchange states that the Commission has issued an order granting certain exemptive relief to the Trust under the Investment Company Act of 1940 (“1940 Act”). See Investment Company Act Release No. 31990 (February 9, 2016) (File No. 812-13761).