

or Sponsor, or an affiliated person of the Investing Fund Adviser, or Trustee or Sponsor, other than any advisory fees paid to the Investing Fund Adviser, or Trustee or Sponsor, or its affiliated person by the Fund, in connection with the investment by the Investing Fund in the Fund. Any Investing Fund Sub-Adviser will waive fees otherwise payable to the Investing Fund Sub-Adviser, directly or indirectly, by the Investing Management Company in an amount at least equal to any compensation received from a Fund by the Investing Fund Sub-Adviser, or an affiliated person of the Investing Fund Sub-Adviser, other than any advisory fees paid to the Investing Fund Sub-Adviser or its affiliated person by the Fund, in connection with the investment by the Investing Management Company in the Fund made at the direction of the Investing Fund Sub-Adviser. In the event that the Investing Fund Sub-Adviser waives fees, the benefit of the waiver will be passed through to the Investing Management Company.

15. No Investing Fund or Investing Fund Affiliate (except to the extent it is acting in its capacity as an investment adviser to a Fund) will cause a Fund to purchase a security in an Affiliated Underwriting.

16. The Board of a Fund, including a majority of the independent directors or trustees, will adopt procedures reasonably designed to monitor any purchases of securities by the Fund in an Affiliated Underwriting, once an investment by an Investing Fund in the securities of the Fund exceeds the limit of section 12(d)(1)(A)(i) of the Act, including any purchases made directly from an Underwriting Affiliate. The Board will review these purchases periodically, but no less frequently than annually, to determine whether the purchases were influenced by the investment by the Investing Fund in the Fund. The Board will consider, among other things: (i) Whether the purchases were consistent with the investment objectives and policies of the Fund; (ii) how the performance of securities purchased in an Affiliated Underwriting compares to the performance of comparable securities purchased during a comparable period of time in underwritings other than Affiliated Underwritings or to a benchmark such as a comparable market index; and (iii) whether the amount of securities purchased by the Fund in Affiliated Underwritings and the amount purchased directly from an Underwriting Affiliate have changed significantly from prior years. The Board will take any appropriate actions

based on its review, including, if appropriate, the institution of procedures designed to assure that purchases of securities in Affiliated Underwritings are in the best interest of shareholders of the Fund.

17. Each Fund will maintain and preserve permanently in an easily accessible place a written copy of the procedures described in the preceding condition, and any modifications to such procedures, and will maintain and preserve for a period of not less than six years from the end of the fiscal year in which any purchase in an Affiliated Underwriting occurred, the first two years in an easily accessible place, a written record of each purchase of securities in Affiliated Underwritings once an investment by an Investing Fund in the securities of the Fund exceeds the limit of section 12(d)(1)(A)(i) of the Act, setting forth from whom the securities were acquired, the identity of the underwriting syndicate's members, the terms of the purchase, and the information or materials upon which the Board's determinations were made.

18. Before investing in a Fund in excess of the limits in section 12(d)(1)(A), an Investing Fund will execute a FOF Participation Agreement with the Fund stating that their respective boards of directors or trustees and their investment advisers, or Trustee and Sponsor, as applicable, understand the terms and conditions of the order, and agree to fulfill their responsibilities under the order. At the time of its investment in Shares of a Fund in excess of the limit in section 12(d)(1)(A)(i), an Investing Fund will notify the Fund of the investment. At such time, the Investing Fund will also transmit to the Fund a list of the names of each Investing Fund Affiliate and Underwriting Affiliate. The Investing Fund will notify the Fund of any changes to the list as soon as reasonably practicable after a change occurs. The Fund and the Investing Fund will maintain and preserve a copy of the order, the FOF Participation Agreement, and the list with any updated information for the duration of the investment and for a period of not less than six years thereafter, the first two years in an easily accessible place.

19. Before approving any advisory contract under section 15 of the Act, the board of directors or trustees of each Investing Management Company, including a majority of the independent directors or trustees, will find that the advisory fees charged under such contract are based on services provided that will be in addition to, rather than duplicative of, the services provided

under the advisory contract(s) of any Fund in which the Investing Management Company may invest. These findings and their basis will be recorded fully in the minute books of the appropriate Investing Management Company.

20. Any sales charges and/or service fees charged with respect to shares of an Investing Fund will not exceed the limits applicable to a fund of funds as set forth in FINRA Rule 2341.

21. No Fund will acquire securities of any investment company or company relying on section 3(c)(1) or 3(c)(7) of the Act in excess of the limits contained in section 12(d)(1)(A) of the Act, except (i) to the extent permitted by exemptive relief from the Commission permitting the Fund to purchase shares of other investment companies for short-term cash management purposes; and (ii) in connection with a Fund's receipt of Representative ETFs included in its Tracking Basket solely for purposes of effecting transactions in Creation Units.⁴⁵

By the Commission.

Jill M. Peterson,
Assistant Secretary.

[FR Doc. 2019-25070 Filed 11-19-19; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-87540; File No. SR-FINRA-2019-028]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change To Allow FINRA To Publish or Distribute Aggregated Transaction Information and Statistics on U.S. Treasury Securities

November 14, 2019.

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 November 12, 2019, Financial Industry Regulatory Authority, Inc. ("FINRA") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II,

⁴⁵ If the Commission rescinds the Section 12(d)(1) Relief in connection with the adoption of a rule providing similar relief, but that would not, in substance, make the exception in this subparagraph (ii) available, such exception will nonetheless continue to be available with respect to such rule to a Fund relying on the requested ETF Relief, unless the Commission provides otherwise with specific reference to the Applicants.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

and III below, which Items have been prepared by FINRA. 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

FINRA is proposing to amend FINRA Rule 6750 to provide that FINRA may publish or distribute aggregated transaction information and statistics on U.S. Treasury Securities.

The text of the proposed rule change is available on FINRA's website at <http://www.finra.org>, at the principal office of FINRA, 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, FINRA 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. FINRA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

Rule 6750 (Dissemination of Transaction Information) (the "Rule") generally provides for the dissemination of information on all transactions in TRACE-Eligible Securities³ immediately upon receipt of the transaction report,⁴ except as set forth in the Rule. Rule 6750(c) (Transaction Information Not Disseminated) specifies that FINRA will not disseminate

³ Rule 6710 generally defines a "TRACE-Eligible Security" as: A debt security that is United States ("U.S.") dollar-denominated and is: (1) Issued by a U.S. or foreign private issuer, and, if a "restricted security" as defined in Securities Act Rule 144(a)(3), sold pursuant to Securities Act Rule 144A; (2) issued or guaranteed by an Agency as defined in Rule 6710(k) or a Government-Sponsored Enterprise as defined in Rule 6710(n); or (3) a U.S. Treasury Security as defined in Rule 6710(p). "TRACE-Eligible Security" does not include a debt security that is issued by a foreign sovereign or a Money Market Instrument as defined in Rule 6710(o).

⁴ FINRA generally requires members to report transactions in any security that meets the definition of "TRACE-Eligible Security" to the Trade Reporting and Compliance Engine ("TRACE"), unless an exception applies. See Rule 6730 (Transaction Reporting).

information on a transaction in a U.S. Treasury Security, among others.⁵

Supplementary Material .01 to Rule 6750 provides that, even where a TRACE-Eligible Security is not subject to trade-by-trade dissemination, FINRA may nonetheless publish or distribute aggregated transaction information and statistics on the security, other than with respect to transactions in U.S. Treasury Securities.⁶ FINRA now is proposing to amend Rule 6750.01 to provide that FINRA may publish or distribute aggregated transaction information and statistics on U.S. Treasury Securities to provide investors and market participants with insight into aggregate trading volume for U.S. Treasury Securities. For example, after discussions with staff at the SEC and the Treasury Department, FINRA intends to publish weekly volume information aggregated by U.S. Treasury Security subtype (e.g., Bills, Floating Rate Notes, Treasury Inflation-Protected Securities, and Nominal Coupons). Further, the volume information may be grouped within dealer-to-customer, ATS and dealer-to-dealer, remaining years to maturity, or other categories.

FINRA notes that any aggregated U.S. Treasury Security data published would not identify individual market participants or transactions. In addition, FINRA would not publish aggregated transaction information and statistics by individual U.S. Treasury Security, except for the category of on-the-run U.S. Treasury Securities because there is for each week often one on-the-run security for each subtype and maturity. As is generally the case currently for the aggregated transaction information and statistics made available on other types of non-disseminated TRACE-Eligible Securities, information on transactions in U.S. Treasury Securities would be provided at no charge (separately, FINRA may determine to submit a rule filing imposing a fee). FINRA believes that the proposed rule change will

⁵ "U.S. Treasury Security" means a security, other than a savings bond, issued by the U.S. Department of the Treasury ("Treasury Department") to fund the operations of the federal government or to retire such outstanding securities. The term also includes separate principal and interest components of a U.S. Treasury Security that has been separated pursuant to the Separate Trading of Registered Interest and Principal of Securities (STRIPS) program operated by the Treasury Department. See Rule 6710(p).

⁶ Beginning on July 10, 2017, amendments to FINRA Rule 6730 took effect that required members to report transactions in U.S. Treasury Securities to TRACE. See Securities Exchange Act Release No. 79116 (October 18, 2016), 81 FR 73167 (October 24, 2016) (Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of File No. SR-FINRA-2016-027). See also *Regulatory Notice* 16-39 (October 2016).

benefit investors and market participants by providing insight into U.S. Treasury Security transaction volume, while maintaining the confidentiality of individual market participants and transactions.

If the Commission approves the proposed rule change, the effective date of the proposed rule change will be the date of Commission approval.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁷ which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and Section 15A(b)(9) of the Act,⁸ which requires that FINRA rules not impose any burden on competition that is not necessary or appropriate.

FINRA believes that the proposed rule change will benefit investors and market participants by providing insight into U.S. Treasury Security transaction volume, while maintaining the confidentiality of individual market participants and transactions. Accordingly, FINRA believes the proposal is in the public interest and will help promote transparency in TRACE-Eligible Securities.

B. Self-Regulatory Organization's Statement on Burden on Competition

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. FINRA has undertaken an economic impact assessment, as set forth below, to analyze the regulatory need for the proposed rule change, its potential economic impacts, including anticipated costs and benefits, and any alternatives considered in assessing how best to meet the proposal's regulatory objectives.

Regulatory Need

The purpose of the rule is described above and is consistent with the TRACE transparency initiatives.

Economic Baseline

As mentioned above, in July 2017, FINRA member firms began reporting transactions in U.S. Treasury Securities to TRACE.⁹ Currently, there is no

⁷ 15 U.S.C. 78o-3(b)(6).

⁸ 15 U.S.C. 78o-3(b)(9).

⁹ See *supra* note 6.

dissemination of transactions to the public, either real-time or on a delayed basis, as member firms report trade activity in U.S. Treasury Securities to TRACE for regulatory and other official sector purposes.¹⁰ There currently is limited and fragmented publicly available information on U.S. Treasury Security transaction volume. The Federal Reserve Bank of New York publishes average daily trading volume and end-of-the-week positions of primary dealers in U.S. Treasury Securities on a weekly basis.¹¹ However, there is substantial trading volume with and among non-primary dealers. Currently there is not available, to the public or otherwise, a comprehensive source of aggregated volume data that reflects all major segments in the U.S. Treasury Securities market.

Economic Impacts

Dissemination of aggregate volume data and statistics for U.S. Treasury Securities would not impose any additional requirements on firms. Aggregate volume data would be derived from trade reports submitted to TRACE. In addition, because the data would be available free of charge, FINRA does not believe that there would be any direct costs associated with the proposal for firms, investors or data consumers.

FINRA believes that publishing aggregate volume information would help market participants better understand the overall trading of U.S. Treasury Securities by providing information that could be utilized in assessing the level of liquidity over time within published categories. Thus, aggregated volume statistics should provide incremental and valuable insight into trading activity and supplement the information currently published by the Federal Reserve Bank of New York.¹² Furthermore, since the reported volume would be grouped—e.g., by security subtype, remaining years to maturity, and market segment (e.g., ATS and dealer-to-dealer or dealer-to-customer)—the data could provide a breakdown of trading activity

¹⁰ FINRA makes the data available to the official sector to assist them in monitoring and analyzing the U.S. Treasury Securities markets. The Treasury Department, the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, the Securities and Exchange Commission, and the U.S. Commodity Futures Trading Commission comprise the Inter-Agency Working Group for Treasury Market Surveillance (“IAWG” or “official sector”).

¹¹ See <https://www.newyorkfed.org/markets/primarydealers> for the definition of “primary dealers” and the weekly statistics.

¹² Some primary dealers are FINRA members.

information at a level of granularity that has not been officially available before for U.S. Treasury Securities.

FINRA also considered information leakage concerns, *i.e.*, whether market participants’ proprietary trading strategies could be discerned from publishing aggregated data; however, FINRA believes aggregation mitigates information leakage concerns by limiting the granularity of the data within descriptive groupings with no accompanying security- or market participant-level data.

Alternatives Considered

No other alternatives were considered for the proposed dissemination framework.

C. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) By order approve or disapprove such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. 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-FINRA-2019-028 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-FINRA-2019-028. 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 such filing also will be available for inspection and copying at the principal office of FINRA. 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-FINRA-2019-028 and should be submitted on or before December 11, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Jill M. Peterson,

Assistant Secretary.

[FR Doc. 2019-25100 Filed 11-19-19; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-87539; File No. SR-CboeBYX-2019-020]

Self-Regulatory Organizations; Cboe BYX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fee Schedule

November 14, 2019.

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 November 1, 2019, Cboe BYX Exchange, Inc. (the “Exchange” or “BYX”) filed with the

¹³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.