

price requirement, as provided under Nasdaq's current rules, prior to commencing delisting proceedings. The Commission believes that shortening the available compliance periods in the described situations, and immediately commencing delisting proceedings, should therefore help to ensure that only those securities that are suitable for continued Exchange trading remain listed on the Exchange.

Further, the low-priced stocks identified in the criteria raise concerns about their susceptibility to manipulation and the prevention of fraudulent and manipulative acts and practices as well as the ability to promote fair and orderly markets on the Exchange in such securities. As Nasdaq stated in its proposal, securities listed on the Exchange are exempt from the Penny Stock Rules, which provide enhanced investor protections, among other things, to prevent fraud and safeguard against potential market manipulation.<sup>25</sup> The Exchange stated in support of its proposal that it believes such exemption may not be appropriate for abnormally low-priced securities and securities that are trading below \$1.00 after completing one or more reverse stock splits with a cumulative ratio of 250 shares to one or more over the prior two-year period because these securities, in the Exchange's view, may have similar characteristics to penny stocks.<sup>26</sup> Given the historical concerns regarding penny stocks, the Commission believes Nasdaq's proposal to commence delisting proceedings sooner in the process for those companies meeting the criteria identified in the proposed rule that fail to satisfy the bid price requirement is appropriate.

The Commission also notes that companies that have shortened compliance periods as a result of the proposed changes being approved herein will still be able to appeal the Staff Delisting Determination to the Hearings Panel.<sup>27</sup> The Hearings Panel, as noted above, can grant the company an additional 180 days to comply with the bid price requirement should the Hearings Panel determine that the facts warrant such additional time. The Commission believes that the shortening

of the 180 or 360 calendar day period to regain compliance with a bid price deficiency in the situations described above is appropriate in light of the need to protect investors and the public interest and that the Hearings Panel review process should continue, as it currently does, to provide a fair procedure for the review of the Staff Delisting Determination in accordance with Section 6(b)(7) of the Act.

Finally, the Commission notes that, for the same reasons discussed above, it is appropriate and consistent with the protection of investors for Nasdaq to amend its recurring deficiency provisions to include companies that fall out of compliance with the bid price requirement within a year of regaining such compliance after being granted an exception from the Hearings Panel, in those cases where such companies were previously not eligible for a compliance period due to a low stock price or excessive reverse stock splits. The Commission believes it is reasonable for the Exchange to determine that such recurrent violators of the bid price requirement may not be able to regain compliance during the compliance periods and as such should be subject to an immediate Staff Delisting Determination, which can then be appealed to the Hearings Panel.<sup>28</sup>

The Exchange's proposal identifies securities listed on its market that have had serious and recurrent issues in meeting and regaining compliance with the \$1.00 bid price continued listing requirement and proposes to prohibit such companies from utilizing the compliance periods and instead commence immediate delisting proceedings. This should help to protect investors and the public interest, while at the same time providing a fair procedure for companies to appeal the Staff Delisting Determination to the Hearings Panel. Based on the above, the Commission believes that the proposed rule change can help to ensure that the Exchange lists only securities with a sufficient market, with adequate depth and liquidity, and with sufficient investor interest to support an exchange listing.

Based on the foregoing, the Commission finds that the proposed rule change is consistent with the Act.

#### IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>29</sup> that the proposed rule change (SR-NASDAQ-2020-001) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>30</sup>

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

[FR Doc. 2020-08814 Filed 4-24-20; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-88706; File No. SR-CboeEDGX-2020-016]

### Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 13.4(a) To Add LTSE as a Source for Market Data for Certain Purposes

April 21, 2020.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on April 6, 2020, Cboe EDGX Exchange, Inc. (the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II, below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder.<sup>4</sup> 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 EDGX Exchange, Inc. proposes to amend Rule 13.4(a), stating it will utilize LTSE market data from the CQS/UQDF for purposes of order handling, routing, execution, and related compliance processes. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Exchange's website ([http://markets.cboe.com/us/options/regulation/rule\\_filings/edgx/](http://markets.cboe.com/us/options/regulation/rule_filings/edgx/)), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

<sup>25</sup> See 17 CFR 240.3a51-1(a)(1); 17 CFR 240.15g-1 to -9. In particular, the Penny Stock Rules provide protections to investors in low-priced stocks requiring, among other things, that broker-dealers provide a disclosure document to their customers describing the risk of investing in penny stocks and approve customer accounts for transactions in penny stocks.

<sup>26</sup> See Notice, *supra* note 3, 85 FR at 3738.

<sup>27</sup> A timely request for a hearing shall ordinarily stay the suspension and delisting action pending the issuance of a written Panel Decision. See Rule 8515(A)(1)(b).

<sup>28</sup> See Notice, *supra* note 3, 85 FR at 3738.

<sup>29</sup> 15 U.S.C. 78s(b)(2).

<sup>30</sup> 17 CFR 200.30-3(a)(12).

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

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

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>4</sup> 17 CFR 240.19b-4(f)(6).

## 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 aspects of such statements.

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

#### 1. Purpose

The Exchange proposes to update Rule 13.4(a) regarding the public disclosure of the sources of data that the Exchange utilizes when performing: (i) Order handling; (ii) order routing; (iii) order execution; and (iv) related compliance processes to reflect the operation of the LTSE as a registered national securities exchange.

On May 10, 2019, the Commission approved LTSE's application to register as a national securities exchange.<sup>5</sup> As part of its transition to exchange status, LTSE announced that it plans to commence the entry of orders in test symbols on April 24, 2020 and plans to gradually phase in non-test securities no earlier than May 15, 2020, which may continue for a period of at least four weeks.<sup>6</sup> The Exchange, therefore, proposes to update Rule 13.4(a) regarding the public disclosure of the sources of data that the Exchange utilizes when performing: (i) Order handling; (ii) order routing; (iii) order execution; and (iv) related compliance processes to reflect the operation [sic] the test phase of LTSE as a registered national securities exchange beginning on April 24, 2020. Specifically, the Exchange proposes to amend Rule 13.4(a) to include LTSE by stating it will utilize LTSE market data from the Consolidated Quotation System ("CQS")/UTP Quotation Data Feed ("UQDF") for purposes of order handling, routing, execution, and related compliance processes.

Additionally, the Exchange proposes to update the names of the Chicago Stock Exchange, NSX, Nasdaq OMX PHLX, and Nasdaq OMX BX noted in Rule 13.4(a) to NYSE Chicago, NYSE

National, Nasdaq PSX, and Nasdaq BX, respectively.

#### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>7</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>8</sup> in particular, in that it is 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 regulating, clearing, settling, processing information with respect to, and 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 Exchange believes that its proposal to update Exchange Rule 13.4(a) to include LTSE and update the names of other exchanges will ensure that the Rule correctly identifies and publicly states on a market-by-market basis all of the specific network processor and proprietary data feeds that the Exchange utilizes for the handling, routing, and execution of orders, and for performing the regulatory compliance checks related to each of those functions. The proposed rule changes also remove impediments to and perfects the mechanism of a free and open market and protects investors and the public interest because it provides additional specificity, clarity and transparency.

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

The Exchange believes its proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the Exchange believes the proposal would enhance competition because including all of the exchanges enhances transparency and enables investors to better assess the quality of the Exchange's execution and routing services.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any

unsolicited written comments from Members or other interested parties.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>9</sup> and Rule 19b-4(f)(6) thereunder.<sup>10</sup> Because the proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>11</sup> and Rule 19b-4(f)(6)(iii) thereunder.<sup>12</sup>

A proposed rule change filed under Rule 19b-4(f)(6)<sup>13</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>14</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing.

The Exchange states that waiver of the operative delay would allow the Exchange to implement the proposed rule change in anticipation of LTSE's launch, thereby providing clarity to market participants with respect to the specific network processor and proprietary data feeds that the Exchange utilizes for the handling, routing, and execution of orders, and for performing the regulatory compliance checks related to each of those functions. For this reason, the Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>10</sup> 17 CFR 240.19b-4(f)(6).

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

<sup>13</sup> 17 CFR 240.19b-4(f)(6).

<sup>14</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>5</sup> See *supra* note 2 [sic].

<sup>6</sup> See *supra* note 3 [sic].

<sup>7</sup> 15 U.S.C. 78f.

<sup>8</sup> 15 U.S.C. 78f(b)(5).

designates the proposal operative upon filing.<sup>15</sup>

At any time within 60 days of the filing of this proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or 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](mailto:rule-comments@sec.gov). Please include File Number SR-CboeEDGX-2020-016 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-CboeEDGX-2020-016. 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,

<sup>15</sup> For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will 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-CboeEDGX-2020-016, and should be submitted on or before May 18, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

[FR Doc. 2020-08819 Filed 4-24-20; 8:45 am]

**BILLING CODE 8011-01-P**

#### SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 33843; 812-14866]

##### Principal Funds, Inc. et al.

April 21, 2020.

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

**ACTION:** Notice.

Notice of an application for an order under sections 6(c) and 17(b) of the Investment Company Act of 1940 ("Act") for exemptions from section 17(a) of the Act, and under section 17(d) of the Act and rule 17d-1 thereunder to permit certain joint transactions.

**Summary of Application:** Applicants request an order that would permit certain registered management investment companies or series thereof that are advised by Principal Global Investors, LLC ("PGI")<sup>1</sup> to invest in a private investment vehicle established by PGI to invest directly in real estate.

**Applicants:** Principal Funds, Inc. ("PFI"), Principal Variable Contracts Funds, Inc. ("PVC"), PGI, Principal Direct Property Fund, LP ("PDPF"), Principal Direct Property Fund GP, LLC ("PDPGP") and Principal Commercial Property Fund REIT, LLC ("PCP REIT").

<sup>16</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> PGI includes any successor entity to PGI or an entity controlling, controlled by, or under common control with PGI. For purposes of the application, the term "successor" is limited to an entity that results from a reorganization into another jurisdiction or a change in the type of business organization.

**Filing Dates:** The application was filed on January 16, 2018 and amended on June 27, 2018, July 11, 2019, September 6, 2019, February 5, 2020, and March 17, 2020.

**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 emailing the Commission's Secretary at [Secretarys-Office@sec.gov](mailto:Secretarys-Office@sec.gov) and serving applicants with a copy of the request by email. Hearing requests should be received by the Commission by 5:30 p.m. on May 18, 2020, and should be accompanied by proof of service on 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 emailing the Commission's Secretary at [Secretarys-Office@sec.gov](mailto:Secretarys-Office@sec.gov).

**ADDRESSES:** The Commission:

[Secretarys-Office@sec.gov](mailto:Secretarys-Office@sec.gov). Applicants: PGI, Attn: Adam U. Shaikh, Assistant General Counsel, [shaikh.adam@principal.com](mailto:shaikh.adam@principal.com).

##### FOR FURTHER INFORMATION CONTACT:

Laura J. Riegel, Senior Counsel, at (202) 551-3038, or Trace W. Rakestraw, Branch Chief, 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 website by searching for the file number, or for an applicant using the Company name box, at <http://www.sec.gov/search/search.htm> or by calling (202) 551-8090.

##### Applicants' Representations

1. Each of PFI and PVC is organized as a Maryland corporation and is an open-end management investment company registered under the Act. PFI and PVC each consist of multiple Funds (as defined below).

2. PDPF is organized as a limited partnership, and applicants state that it will rely on an exception from the definition of "investment company" such as section 3(c)(1) or section 3(c)(7) of the Act (or any other applicable exclusion). PDPGP, the general partner of PDPF, is organized as a limited liability company and will be a direct or indirect wholly owned subsidiary of Principal Financial Group, Inc. ("PFG"). As general partner of PDPF, PDPGP will