appropriately, immediately preceding the Follow-On Investment; and
(iii) the aggregate amount recommended by the Advisers to be
invested in the Follow-On Investment by the participating Regulated Funds and
any participating Affiliated Funds, collectively, exceeds the amount of the
investment opportunity, then the Follow-On Investment opportunity will
be allocated among them pro rata based on the size of the Internal Orders, as
described in section III.A.1.(b) of the application.

(c) Other Conditions. The acquisition of Follow-On Investments as permitted
by this Condition will be considered a Co-Investment Transaction for all
purposes and subject to the other Conditions set forth in the application.

(a) Each Adviser to a Regulated Fund will present to the Board of each
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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

The Exchange proposes to amend Options 4, Section 3, “Criteria for Underlying Securities,” and Options 4, Section 5, “Series of Options Contracts Open for Trading” to relocate certain rule text and make other minor technical amendments.

Technical Amendments to the Options Listing Programs

Technical Amendments to the Options Listing Programs will assist Members in locating the most significant aspects of such statements.


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 amend Options 4, Section 3, “Criteria for Underlying Securities,” and Options 4, Section 5, “Series of Options Contracts Open for Trading” to relocate certain rule text and make other minor technical amendments. This rule change is similar to a rule change filed by Nasdaq BX, Inc.3

Options 4, Section 3

The Exchange proposes to amend Options 4, Section 3(k)(i) to add the words “or ETNs” after the phrase “collectively known as “Index-Linked Securities” for additional clarity. The Exchange believes that this addition of “ETNs” will assist Members in locating this rule text.

Options 4, Section 5

The Exchange proposes to amend and relocate certain portions of Options 4, Section 5, as well as the Supplementary Material to Options 4, Section 5 in order that rule text related to certain strike listing programs be placed with related rule text. Proposed relocated rule text is not being amended with this proposal, unless otherwise noted.

The Exchange proposes to relocate Supplementary Material .10 within Options 4, Section 5 to new Options 4, Section 5(a)(1).

The Exchange proposes to amend ISE Options 4, Section 5(b) to mirror the exact language of BX Options 4, Section 5(b). The amendments to this provision (b) are non-substantive. The introductory clause is being removed as the Rule is read as whole. The phrase “type of options of a class of options” is being simplified to read “class of options.” The term “shall” is being replaced with “will.” A number “(1)” is being added next to the term “one.” The phrase “expiration month and series for each class of options open for trading on the Exchange” is being replaced with “series of options in that class” for simplicity. The last sentence is being amended to replace “each” with “that” and replace “which is reasonably close” with “relative.” Finally, the phrase “price per share at which the underlying stock is traded in the primary market at about the time that class of options is first opened for trading on the Exchange” is being replaced with “underlying stock price in the primary market at about the time that class of options is first opened for trading on the Exchange.” These amendments are non-substantive.

The Exchange proposes to relocate Options 4, Section 5(f) to the end of Options 4, Section 5(c).

The Exchange proposes to remove the phrase “this Rule and” from ISE Options 4, Section 5(d) so that it is identical to BX Options 4, Section 5(d). The Exchange also proposes to add a “the” to that sentence. These amendments are non-substantive.

The Exchange proposes to relocate Options 4, Section 5(h) to the end of Options 4, Section 5(d). The Exchange proposes to amend the phrase “Fund Shares” to “Exchange-Traded Fund Shares.” The citation to “Section 5(h)” is being replaced with “Section 3(h) of this Options 4”. These amendments are non-substantive.

The Exchange proposes to relocate Supplementary Material .13 within Options 4, Section 5 to new Options 4, Section 5(f).

The Exchange proposes to relocate Supplementary Material .11 within Options 4, Section 5 to new Options 4, Section 5(f).

The Exchange proposes to add a new ISE Options 4, Section 5(g), which is identical to BX Options 4, Section 5(g), which provides, “The Exchange will open at least one expiration month for each class of options open for trading on the Exchange.” Today the Exchange opens at least one expiration month for each class of options. Adding this rule text will make clear the manner in which ISE lists options.

The Exchange proposes to relocate Supplementary Material .06 within Options 4, Section 5 to new Options 4, Section 5(h).

The Exchange proposes to relocate Supplementary Material .07 within Options 4, Section 5 to new Options 4, Section 5(i).

The Exchange proposes to a new ISE Options 4, Section 5(j), which is identical to BX Options 4, Section 5(j), which provides, “New series of equity options, options on Exchange Traded Funds, and options on Trust Issued Receipts opened for trading shall be subject to the range limitations set forth in Options 4, Section 6(b).” The addition of this rule text will align ISE’s Rule with BX’s Rule and provide context on permissible intervals.

The Exchange proposes to amend Supplementary Material .01(a) to ISE Options 4, Section 5 to add the word “national” before securities exchange to conform ISE’s rule text to BX’s rule text at Supplementary Material .01(a) to Options 4, Section 5.

The Exchange proposes to amend Supplementary Material .01(b) to ISE Options 4, Section 5 to change the word “stock” to “security.” This is a non-substantive amendment which conforms ISE’s rule text to BX’s rule text at Supplementary Material .01(b) to Options 4, Section 5.

The Exchange proposes to amend current Supplementary Material .01(b)(v) to ISE Options 4, Section 5 to add the title “Long-Term Options Series or before “LEAPS” for greater context.

The Exchange proposes to amend current Supplementary Material .01(d)
to ISE Options 4, Section 5 to remove the word “Interval” in two places to conform ISE’s rule text to BX’s rule text at Supplementary Material .01(d) to Options 4, Section 5. The Exchange proposes to relocate Supplementary Material .01(e) to ISE Options 4, Section 5 to the end of Supplementary Material .01(b) to Options 4, Section 5. The Exchange proposes to relocate ISE Options 4, Section 5 to Supplementary Material .02 within Options 4, Section 5 and add a title “$2.50 Strike Price Interval Program.”

The Exchange proposes to relocate Supplementary Material .12 within ISE Options 4, Section 5 to the end of renumbered Supplementary .03(e) of Options 4, Section 5. The Exchange proposes to delete the first sentence of renumbered Supplementary Material .03(e) within ISE Options 4, Section 5 of the Short Term Options Series Program, which provides: “The interval between strike prices on Short Term Option Series shall be the same as the strike prices for series in that same option class that expire in accordance with the normal monthly expiration cycle.” The Exchange notes that this rule text is not necessary because with the relocation of the strike listing rules for Short Term Option Series, which are proposed to be relocated from Supplementary Material .13 of Options 4, Section 5 to the end of Supplementary .03(e) of Options 4, Section 5, the reference becomes unnecessary.

The Exchange proposes to remove Supplementary Material .04 to ISE Options 5, Section 4 as this cross reference to the Mini-Nasdaq-100 Index (“MNX” or “Mini-NDX”) is not necessary as this index is discussed within Options 4A, Section 12(c)(5). This amendment is non-substantive.

Other Technical Amendments

The Exchange proposes to update certain outdated citations to rule text within ISE Options 4, Section 5. The Exchange proposes to re-number and re-letter certain sections for consistency, and remove reserved sections from the rule.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act, 5 in general, and furthers the objectives of Section 6(b)(5) of the Act, 6 in particular, in that it is designed to promote just and equitable principles of trade, 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’s proposal to make a non-substantive amendment to ISE Options 4, Section 3(k)(i) to add the more commonly used term “ETN” next to “Index-Linked Securities” will allow Members to search the rule text using the term “ETN.”

Amending ISE Options 4, Section 5 to relocate rule text within the related listing program will make the rule easier to understand. Conforming the rule text of ISE within Options 4, Section 5 to the rule text of BX within Options 4, Section 5 will harmonize the listing rules of these Nasdaq affiliated markets. The proposed amendments to conform ISE’s rule text to BX rule text are non-substantive. The technical rule changes within ISE Options 4, Section 5, to re-number and re-letter sections of the rule are non-substantive and intended to provide clarity to the rule text.

The Exchange’s proposal to add a new ISE Options 4, Section 5(g), which is identical to BX Options 4, Section 5(g), will add greater clarity to ISE’s rule. This rule makes clear that at least one expiration month for each class of options will be opened. Today the Exchange opens at least one expiration month for each class of options. Adding this rule text will make clear the manner in which ISE lists options.

The Exchange’s proposal to add a new ISE Options 4, Section 5(j), which is identical to BX Options 4, Section 5(j), will align ISE’s Rule with BX’s Rule and provide context on permissible intervals. Additionally, the proposal to add a new ISE Options 4, Section 5(k), which is identical to BX Options 4, Section 5(k), will align ISE’s Rule with BX’s Rule and provide a cross-citation to the appropriate range limitation rule. The proposed to remove Supplementary Material .04 to ISE Options 5, Section 4 as this cross reference to the Mini-Nasdaq-100 Index (“MNX” or “Mini-NDX”) is not necessary as this product is discussed within Options 4A, Section 12(c)(5).

Amending ISE Options 4, Section 5 to the end of Supplementary Material .03(e) of Options 4, Section 5, to the end of Supplementary Material .12 within ISE Options 4, Section 5.

The proposed amendments to conform ISE’s rule text to BX rule text are non-substantive. The technical rule changes within ISE Options 4, Section 5, to re-number and re-letter sections of the rule are non-substantive and intended to provide clarity to the rule text.

The Exchange’s proposal to relocate Supplementary Material .03(e) within ISE Options 4, Section 5 to the end of Supplementary .03(e) of Options 4, Section 5.

The Exchange proposes to remove Supplementary Material .05 to ISE Options 5, Section 4 as this cross reference to the Mini-Nasdaq-100 Index (“MNX” or “Mini-NDX”) is not necessary as this product is discussed within Options 4A, Section 12(c)(5). This amendment is non-substantive.

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule changes are non-substantive and are intended to provide greater clarity.

C. Self-Regulatory Organization’s Statement on Burden on Competition

The Exchange believes that the proposed rule change will impose no burden on competition.

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

Because the foregoing 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 for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act 7 and Rule 19b–4(f)(6) thereunder. 8

A proposed rule change filed pursuant to Rule 19b–4(f)(6) under the Act 8 normally does not become operative for 30 days after the date of its filing. However, Rule 19b–4(f)(6)(iii) 10 permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the operative delay and designates the proposed rule change operative upon filing. 11

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if

8 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its 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.
11 For purposes only of waiving the 30-day operative delay, the Commission also has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).
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 shall 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. Please include File Number SR–ISE–2020–38 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–ISE–2020–38. 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 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–ISE–2020–38, and should be submitted on or before December 15, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.12

J. Matthew DeLadernier, Assistant Secretary.

[FR Doc. 2020–25899 Filed 11–23–20; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations;
Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt Temporary Supplementary Material .17 (Temporary Relief To Allow Remote Inspections for Calendar Year 2020 and Calendar Year 2021) Under FINRA Rule 3110 (Supervision)

November 18, 2020.

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 6, 2020, the 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 and II below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as constituting a “non-controversial” rule change under paragraph (f)(6) of Rule 19b–4 under the Act,3 which renders the proposal effective upon receipt of this filing by the Commission. 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 adopt temporary Supplementary Material .17 (Temporary Relief To Allow Remote Inspections for Calendar Year 2020 and Calendar Year 2021) under FINRA Rule 3110 (Supervision) to provide member firms the option, subject to specified requirements under the proposed supplementary material, to complete remotely their calendar year 2020 and calendar year 2021 inspection obligations under FINRA Rule 3110(c) (Internal Inspections), without an on-site visit to the office or location.4 The temporary rule change is necessitated by the compelling health and safety concerns and the operational challenges member firms are facing due to the sustained COVID–19 pandemic.5 Below is the text of the proposed rule change. Proposed new language is italicized; proposed deletions are bracketed.

* * * * *

3000. Supervision and Responsibilities Relating to Associated Persons

3100. Supervisory Responsibilities

3110. Supervision

(a) through (f) No Change

• • Supplementary Material .01 through .16 No Change

.17 Temporary Relief To Allow Remote Inspections for Calendar Year 2020 and Calendar Year 2021

(a) Use of Remote Inspections. Each member obligated to conduct an inspection of an office of supervisory jurisdiction, branch office or non-branch location in calendar year 2020 and calendar year 2021 pursuant to, as applicable, paragraphs (c)(1)(A), (B) and (C) under Rule 3110 may, subject to the requirements of this Rule 3110.17, satisfy such obligation by conducting the applicable inspection remotely, without an on-site visit to the office or location. In accordance with Rule 3110.16, inspections for calendar year 2020 must be completed on or before March 31, 2021 and inspections for

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4 SEC staff and FINRA have stated in guidance that inspections must include a physical, on-site review component. See SEC: National Examination Risk Alert, Volume I, Issue 2 (November 30, 2011) and Regulatory Notice 11–54 (November 2011) (“Notice 11–54”) (“joint SEC and FINRA guidance”)

5 See also SEC Division of Market Regulation, Staff Legal Bulletin No. 17: Remote Office Supervision (March 19, 2004) (“SLB 17”) (stating, in part, that broker-dealers that conduct business through geographically dispersed offices have not adequately discharged their supervisory obligations where there are no on-site routine or “for cause” inspections of those offices).