SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations: Cboe BZX Exchange, Inc.; Notice of Filing of a Proposed Rule Change To Amend Rule 14.11(m) (Tracking Fund Shares) To Provide for the Use of Custom Baskets Consistent With the Exemptive Relief Issued Pursuant to the Investment Company Act of 1940 Applicable to a Series of Tracking Fund Shares

August 10, 2021.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act"),\textsuperscript{1} and Rule 19b–4 thereunder,\textsuperscript{2} notice is hereby given that on August 3, 2021, Cboe BZX Exchange, Inc. ("Exchange" or "BZX") filed with the Securities and Exchange Commission ("Commission") the proposed rule change described in Items I, II, and III below.\textsuperscript{3} The Commission published a notice to solicit comments on the proposed rule change from interested persons.\textsuperscript{4}

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

Cboe BZX Exchange, Inc. (the "Exchange" or "BZX") proposes to amend Rule 14.11(m) (Tracking Fund Shares)\textsuperscript{5} to provide for the use of "Custom Baskets" consistent with the exemptive relief issued pursuant to the Investment Company Act\textsuperscript{6} applicable to a series of Tracking Fund Shares.

To effectuate this change, the Exchange proposes the following amendments to Rule 14.11(m). First, the proposed rule change adopts new subparagraph (F) under Rule 14.11(m)(3) (Definitions), which defines "Custom Basket", for the purposes of Rule 14.11(m), to mean a portfolio of securities that is different from the Tracking Basket and is otherwise consistent with the exemptive relief issued pursuant to the Investment Company Act applicable to a series of Tracking Fund Shares.

The proposed rule change makes conforming amendments to the definition of Tracking Fund Shares in Rule 14.11(m)(3)(A) and Reporting Authority in Rule 14.11(m)(3)(C). The proposed rule change amends the definition of "Tracking Fund Share" in Rule 14.11(m)(3)(A) to provide for creations of shares in return for a deposit by the purchaser of, and redemptions of shares at a holder’s request in return for a Custom Basket rather than a Tracking Basket to the extent permitted by a fund’s exemptive relief.

Second, the proposed rule change amends Rule 14.11(m)(4) (Initial and Continued Listing) which currently provides criteria that Tracking Fund Shares must satisfy for initial and continued listing on the Exchange, to incorporate specific initial and continued listing criteria for Custom Baskets. Specifically, Rule 14.11(m)(4)(A)(ii) currently provides that the Exchange will obtain a representation from the issuer of each series of Tracking Fund Shares that the net asset value per share for the series will be calculated daily and that each of the following will be made available to all market participants at the same time when disclosed: the net asset value, the


\textsuperscript{3} Rule 14.11(m)(3)(A) defines the term “Tracking Fund Share” as a security that: (i) Represents an interest in an investment company registered under the Investment Company Act of 1940 ("Investment Company") organized as an open-end management investment company, that invests in a portfolio of securities selected by the Investment Company’s investment adviser consistent with the Investment Company’s investment objectives and policies; (ii) is issued in a specified aggregate minimum number in return for a deposit of a specified Tracking Basket and/or a cash amount with a value equal to the next determined net asset value; and (iii) is issued in a specified aggregate minimum number in return for a deposit of a specified Tracking Basket and/or a cash amount with a value equal to the next determined net asset value; and (iv) the portfolio holdings for which are disclosed within at least 60 days following the end of every fiscal quarter.

\textsuperscript{4} 15 U.S.C. 80a et seq.


Tracking Basket, and the Fund Portfolio. The proposed rule change adopts an additional requirement in Rule 14.11(m)(4)(A)(ii) providing that the Exchange will also obtain a representation from the issuer of each series of Tracking Fund Shares that the issuer and any person acting on behalf of the series of Tracking Fund Shares will comply with Regulation Fair Disclosure under the Securities Exchange Act of 1934 ("Exchange Act") 5, including with respect to any Custom Basket. 6

Third, the proposed Rule change adopts new Rule 14.11(m)(4)(B)(ii), which provides that, with respect to each Custom Basket utilized by a series of Tracking Fund Shares, each business day, before the opening of trading in Regular Trading Hours (as defined in Rule 1.5(w)), the investment company shall make publicly available on its website the composition of any Custom Basket transacted on the previous business day, except a Custom Basket that differs from the applicable Tracking Basket only with respect to cash. 7

Finally, the proposed rule change makes conforming amendments to Rule 14.11(m)(2)(E) and (F). In particular, Rule 14.11(m)(2)(E) currently provides that, if the investment adviser to the Investment Company issuing Tracking Fund Shares is registered as a broker-dealer or is affiliated with a broker-dealer, such investment adviser will erect and maintain a “fire wall” between the investment adviser and personnel of the broker-dealer or broker-dealer affiliate, as applicable, with respect to access to information concerning the composition and/or changes to the Fund Portfolio, the Tracking Basket, and/or the Custom Basket, as applicable. In addition, proposed Rule 14.11(m)(2)(E) provides that any person related to the investment adviser or Investment Company who makes decisions pertaining to the Investment Company’s Fund Portfolio, the Tracking Basket, and/or the Custom Basket, as applicable, or changes thereto, must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the Fund Portfolio, the Tracking Basket, and/or the Custom Basket, as applicable, or changes thereto.

Rule 14.11(m)(2)(F) currently provides that any person or entity, including a custodian, Reporting Authority, distributor, or administrator, who has access to nonpublic information regarding the Fund Portfolio or the Tracking Basket or changes thereto, must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable Fund Portfolio or the Tracking Basket or changes thereto. The proposed rule change amends 14.11(m)(2)(E) to provide for Custom Baskets to the extent permitted by a fund’s exemptive relief. As proposed, Rule 14.11(m)(2)(F) provides that any person or entity, including a custodian, Reporting Authority, distributor, or administrator, who has access to nonpublic information regarding the Fund Portfolio, the Tracking Basket, or the Custom Basket, as applicable, or changes thereto, must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable Fund Portfolio, the Tracking Basket, or the Custom Basket, as applicable, or changes thereto.

Moreover, if any such person or entity is registered as a broker-dealer or affiliated with a broker-dealer, such person or entity will erect and maintain a “fire wall” between the person or entity and the broker-dealer with respect to access to information concerning the composition and/or changes to such Fund Portfolio, Tracking Basket, or Custom Basket, as applicable.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Exchange Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Exchange Act. 8 Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5) requirements that the rules of an exchange be 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.

Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5) 9 requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. In particular, the Exchange believes that proposed rule change to provide for the use of Custom Baskets consistent with the applicable exemptive relief applicable to a series of Tracking Fund Shares will perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

5 17 CFR 243.100–243.103. Regulation Fair Disclosure provides that whenever an issuer, or any person acting on its behalf, discloses material nonpublic information regarding that issuer or its securities to certain individuals or entities—generally, securities market professionals, such as stock analysts, or holders of the issuer’s securities who may well trade on the basis of the information—the issuer must make public disclosure of that information.
6 The proposed rule change also delineates each of the three representation requirements, as proposed, as (a) through (c) within the text of Rule 14.11(m)(4)(A)(ii) for ease of reading.
7 As a result of the addition of subparagraph (4)(B)(ii), the proposed rule change also updates the subsequent numbering of current subparagraphs (4)(B)(ii), (4)(B)(iii), (4)(B)(iv), (4)(B)(v) and (4)(B)(vi) to (4)(B)(ii), (4)(B)(iii), (4)(B)(iv), (4)(B)(v) and (4)(B)(vi) respectively.
10 Id.
in that it will permit use of Custom Baskets, consistent with the applicable exemptive relief, in a manner that will benefit investors by increasing efficiencies in the creation and redemption process. More specifically, Custom Baskets provide an issuer with flexibility in portfolio construction that may assist in reducing taxable capital gains distributions for investors and may generally improve tax efficiencies. Further, the use of Custom Baskets, to the extent permitted by a fund’s exemptive relief, may also result in narrower bid/ask spreads and smaller premiums and discounts to the net asset value for Tracking Fund Shares to the extent that the Investment Company utilizes Custom Baskets with fewer securities which may, in turn, allow Authorized Participants to more efficiently hedge and participate generally in the Tracking Fund Shares. In addition to this, the flexibility provided in the creation of Custom Baskets may serve to increase competition between issuers. The Exchange believes the proposed rule change will enhance competition among market participants overall, to the benefit of investors and the marketplace.

The Exchange also believes that amending Rule 14.11(m) to incorporate specific initial listing criteria required to be met by Tracking Fund Shares that utilize Custom Baskets is designed to prevent fraudulent and manipulative acts and practices. The Exchange believes that the daily dissemination of the composition of any Custom Basket transacted on the previous day, except a Custom Basket that differs from the applicable Tracking Basket only with respect to cash, together with the right of Authorized Participants to create and redeem each day at the net asset value, will enable market participants to value and trade shares in a manner that will not lead to significant deviations between the bid/ask price and net asset value of shares of a series of Tracking Fund Shares. Further, including Custom Baskets in the requirements of Rules 14.11(m)(2)(E) and (F) would act as a safeguard against any misuse and improper dissemination of nonpublic information related to a fund’s Custom Basket or changes thereto. The requirement that any person or entity implement procedures reasonably designed to prevent the use and dissemination of material non-public information regarding a Custom Basket will act to prevent any individual or entity from sharing such information externally and the internal “fire wall” requirements applicable where an entity is a registered broker-dealer or affiliated with a broker-dealer will act to make sure that no entity will be able to misuse the data for their own purposes. As such, the Exchange believes that the proposed rule change to Rule 14.11(m) is designed to prevent fraudulent and manipulative acts and practices.

The Exchange also believes that the proposed initial and continued listing standards are designed to promote disclosure and transparency with respect to the use of Custom Baskets consistent with the applicable exemptive relief. Specifically, the Exchange believes that requiring as an initial listing condition that an issuer and any person acting on behalf of the series of Tracking Fund Shares comply with Regulation Fair Disclosure under the Exchange Act, including with respect to any Custom Basket, would further the full and fair disclosure objectives of Regulation Fair Disclosure to the benefit of the investing public and all market participants. Further, with respect to each Custom Basket utilized by a series of Tracking Fund Shares, the Exchange believes that requiring, as a continued listing condition, that each business day, before the opening of trading in Regular Trading Hours (as defined in Rule 1.5(w)), an investment company make publicly available on its website the composition of any Custom Basket transacted on the previous business day, except a Custom Basket that differs from the applicable Tracking Basket only with respect to cash, also further the goals of transparency and full and fair disclosure, to the benefit of investors and the public interest.

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

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 Exchange Act. The Exchange believes the proposed rule change, by permitting the use of Custom Baskets, consistent with a fund’s exemptive relief, would introduce additional competition among various ETF products to the benefit of investors.

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

The Exchange neither solicited nor received comments on the proposed rule change.

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 up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange 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 Exchange 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–CboeBZX–2021–053 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–CboeBZX–2021–053. 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-ChoeBZX–2021–053 and should be submitted on or before September 7, 2021.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.11

J. Matthew DeLesDernier, Assistant Secretary.

[FR Doc. 2021–17412 Filed 8–13–21; 8:45 am]
BILLING CODE 8011–01–P

SECRETS AND EXCHANGE COMMISSION

Sunshine Act Meetings

TIME AND DATE: 2:00 p.m. on Thursday, August 19, 2021.

PLACE: The meeting will be held via remote means and/or at the
Commission’s headquarters, 100 F Street NE, Washington, DC 20549.

STATUS: This meeting will be closed to the public.

MATTERS TO BE CONSIDERED:
Commissioners, Counsel to the
Commissioners, the Secretary to the
Commission, and recording secretaries
will attend the closed meeting. Certain
staff members who have an interest in
the matters also may be present.

In the event that the time, date, or
location of this meeting changes, an
announcement of the change, along with
the new time, date, and/or place of the
meeting will be posted on the
Commission’s website at https://
www.sec.gov.

The General Counsel of the
Commission, or his designee, has
certified that, in his opinion, one or
more of the exemptions set forth in 5
U.S.C. 552b(c)(3), (5), (6), (7), (8), (9)(B)
and (10) and 17 CFR 200.402(a)(3),
(a)(5), (a)(6), (a)(7), (a)(8), (a)(9)(ii) and
(a)(10), permit consideration of the
scheduled matters at the closed meeting.

The subject matter of the closed
meeting will consist of the following
topics:
Institution and settlement of
injunctive actions;
Institution and settlement of
administrative proceedings;
Resolution of litigation claims; and


Other matters relating to examinations
and enforcement proceedings.

At times, changes in Commission
priorities require alterations in the
scheduling of meeting agenda items that
may consist of adjudicatory,
examination, litigation, or regulatory
matters.

CONTACT PERSON FOR MORE INFORMATION:
For further information: please contact
Vanessa A. Countryman from the Office
of the Secretary at (202) 551–5400.

Dated: August 12, 2021.
Eduardo A. Aleman,
Deputy Secretary.

[FR Doc. 2021–17624 Filed 8–12–21; 4:15 pm]
BILLING CODE 8011–01–P

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #17076 and #17077;
Texas Disaster Number TX–00605]

Administrative Declaration of a
Disaster for the State of Texas

AGENCY: U.S. Small Business
Administration.

ACTION: Notice.

SUMMARY: This is a notice of an
Administrative declaration of a disaster
for the State of Texas dated 08/11/2021.

Incident: Severe Storms, Straight-line
Winds, and Flash Flooding.

Incident Period: 06/26/2021.

DATES: Issued on 08/11/2021.

Physical Loan Application Deadline
Date: 10/12/2021.

Economic Injury (EIDL) Loan
Application Deadline Date: 05/11/2022.

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, (202) 205–6734.

SUPPLEMENTARY INFORMATION: Notice is
hereby given that as a result of the
Administrator’s disaster declaration,
applications for disaster loans may be
filed at the address listed above or other
locally announced locations.

The following areas have been
determined to be adversely affected by
the disaster:
Primary Counties: Dawson.
Contiguous Counties:
Texas: Borden, Gaines, Howard, Lynn,
Martin, Terry.

The Interest Rates are:

<table>
<thead>
<tr>
<th>For Physical Damage:</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homeowners with Credit Available Elsewhere</td>
<td>3.250</td>
</tr>
<tr>
<td>Homeowners without Credit Available Elsewhere</td>
<td>1.625</td>
</tr>
<tr>
<td>Businesses with Credit Available Elsewhere</td>
<td>5.760</td>
</tr>
<tr>
<td>Businesses without Credit Available Elsewhere</td>
<td>2.880</td>
</tr>
<tr>
<td>Non-Profit Organizations with Credit Available Elsewhere</td>
<td>2.000</td>
</tr>
<tr>
<td>Non-Profit Organizations without Credit Available Elsewhere</td>
<td>2.000</td>
</tr>
</tbody>
</table>

For Economic Injury:

<table>
<thead>
<tr>
<th>For Economic Injury:</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Businesses &amp; Small Agricultural Cooperatives without Credit Available Elsewhere</td>
<td>2.880</td>
</tr>
<tr>
<td>Non-Profit Organizations without Credit Available Elsewhere</td>
<td>2.000</td>
</tr>
</tbody>
</table>

The number assigned to this disaster
for physical damage is 17076 B and for
economic injury is 17077 0.

The States which received an EIDL
Declaration # is Texas.

(Catalog of Federal Domestic Assistance
Number 59008)

Dated: August 11, 2021.

Isabella Guzman,
Administrator.

[FR Doc. 2021–17492 Filed 8–13–21; 8:45 am]
BILLING CODE 8026–03–P

STATE JUSTICE INSTITUTE

SJI Board of Directors Meeting, Notice

AGENCY: State Justice Institute.

ACTION: Notice of meeting.

SUMMARY: The SJI Board of Directors
will be meeting on Monday, August 30,
2021 at 1:00 p.m. ET. The purpose of
this meeting is to consider grant
applications for the 4th quarter of FY
2021, and other business.

FOR FURTHER INFORMATION CONTACT:
Jonathan Mattiello, Executive Director,
State Justice Institute, 12700 Fair Lakes
Circle, Suite 340, Fairfax, VA 22033,
703–660–4979, contact@sji.gov.

Jonathan D. Mattiello,
Executive Director.

[FR Doc. 2021–17490 Filed 8–13–21; 8:45 am]
BILLING CODE 6820–SC–P