4. Applicants request relief under section 6(c), discussed above, and section 23(c)(3) from rule 23c–3 to the extent necessary for the Funds to impose EWCs on shares of the Funds submitted for repurchase that have been held for less than a specified period.

5. Applicants state that the EWCs they intend to impose are functionally similar to CDSLs imposed by open-end investment companies under rule 6c–10 under the Act. Rule 6c–10 permits open-end investment companies to impose CDSLs, subject to certain conditions. Applicants note that rule 6c–10 is grounded in policy considerations supporting the employment of CDSLs where there are adequate safeguards for the investor and state that the same policy considerations support imposition of EWCs in the interval fund context. In addition, applicants state that EWCs may be necessary for the distributor to recover distribution costs. Applicants represent that any EWC imposed by the Funds will comply with rule 6c–10 under the Act as if the rule were applicable to closed-end investment companies. The Funds will disclose EWCs in accordance with the requirements of Form N–1A concerning CDSLs.

Asset-Based Distribution and/or Service Fees

1. Section 17(d) of the Act and rule 17d–1 under the Act prohibit an affiliated person of a registered investment company, or an affiliated person of such person, acting as principal, from participating in or effecting any transaction in connection with any joint enterprise or joint arrangement in which the investment company participates unless the Commission issues an order permitting the transaction. In reviewing applications submitted under section 17(d) and rule 17d–1, the Commission considers whether the participation of the investment company in a joint enterprise or joint arrangement is consistent with the provisions, policies and purposes of the Act, and the extent to which the participation is on a basis different from or less advantageous than that of other participants.

2. Rule 17d–3 under the Act provides an exemption from section 17(d) and rule 17d–1 to permit open–end investment companies to enter into distribution arrangements pursuant to rule 12b–1 under the Act. Applicants request an order under section 17(d) and rule 17d–1 under the Act to the extent necessary to permit the Fund to impose asset–based distribution and/or service fees. Applicants have agreed to comply with rules 12b–1 and 17d–3 as if those rules applied to closed-end investment companies, which they believe will resolve any concerns that might arise in connection with a Fund financing the distribution of its shares through asset-based distribution fees.

3. For the reasons stated above, applicants submit that the exemptions requested under section 6(c) are necessary and appropriate in the public interest and are consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Applicants further submit that the relief requested pursuant to section 23(c)(3) will be consistent with the protection of investors and will insure that applicants do not unfairly discriminate against any holders of the class of securities to be purchased. Finally, applicants state that the Funds' imposition of asset-based distribution and/or service fees is consistent with the provisions, policies and purposes of the Act and does not involve participation on a basis different from or less advantageous than that of other participants.

*Applicants' Condition*

Applicants agree that any order granting the requested relief will be subject to the following condition:

Each Fund relying on the order will comply with the provisions of rules 6c–10, 12b–1, 17d–3, 18f–3, 22d–1, and, where applicable, 11a–3 under the Act, as amended from time to time, as if those rules applied to closed-end management investment companies, and will comply with the FINRA Sales Charge Rule, as amended from time to time, as if that rule applied to all closed–end management investment companies.

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

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

[FR Doc. 2020–23242 Filed 10–20–20; 8:45 am]

**BILLING CODE 8011–01–P**

## SECURITIES AND EXCHANGE COMMISSION

**[Release No. 34–90204; File No. SR–CBOE–2020–034]**

## Self-Regulatory Organizations; Cboe Exchange, Inc.; Order Instituting Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change To Authorize for Trading Flexible Exchange Options on Full-Value Indexes With a Contract Multiplier of One

October 15, 2020.

On June 30, 2020, Cboe Exchange, Inc. (''Exchange'' or ''CBOE'') filed with the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Exchange Act'') [1] and Rule 19b–4 thereunder,[2] a proposed rule change to authorize for trading flexible exchange options (''FLEX Options'') on full-value indexes with a contract multiplier of one. The proposed rule change was published for comment in the **Federal Register** on July 20, 2020.[3] On September 2, 2020, pursuant to Section 19(b)(2) of the Exchange Act,[4] the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.[5] This order institutes proceedings under Section 19(b)(2)(B) of the Exchange Act [6] to determine whether to approve or disapprove the proposed rule change.

### I. Description of the Proposal and Comment Received [7]

The Exchange has proposed to amend its rules to authorize for trading on the Exchange FLEX Options on full-value indexes (''FLEX Index Options'') with a contract multiplier of one. Currently, CBOE Rule 4.21(b)(1) states that the index multiplier for FLEX Index Options is 100. The Exchange proposes to provide that, in addition to the

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 89308 (July 14, 2020), 85 FR 43923 (''Notice''). Comments received on the proposed rule change are available on the Commission's website at: *https://www.sec.gov/comments/sr-cboe-2020-034/srcboe2020034.htm.*

[4] 15 U.S.C. 78s(b)(2).

[5] *See* Securities Exchange Act Release No. 89743, 85 FR 55717 (September 9, 2020). The Commission designated October 18, 2020, as the date by which the Commission shall approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.

[6] 15 U.S.C. 78s(b)(2)(B).

[7] For a complete description of the Exchange's proposal, *see* the Notice, *supra* note 3.

current index multiplier of 100, the index multiplier for FLEX Index Options on full-value indexes may also be one.

The Exchange's rules provide that, when submitting a FLEX Order, the submitting FLEX Trader [8] must include all required terms of a FLEX Option series,[9] including the underlying equity security or index (*i.e.,* the FLEX Option class) on the FLEX Order. The proposed rule change would amend Rule 4.21(b)(1) to state that if a FLEX Trader specifies a full-value index on a FLEX Order, the FLEX Trader must also include whether the index option has an index multiplier of 100 or 1 when identifying the class of FLEX Order. In the proposal, the Exchange stated that each FLEX Index Option series in a FLEX Index Option class with a multiplier of one will include the same flexible terms as any other FLEX Option series, including strike price, settlement, expiration date, and exercise style as required by Rule 4.21(b).[10]

The Exchange's rules permit trading in a put or call FLEX Option series only if it does not have the same exercise style, same expiration date, and same exercise price as a non-FLEX option series on the same underlying security or index that is already available for trading.[11] Rule 1.1 defines the term ''series'' as all option contracts of the same class that are the same type of option and have the same exercise price and expiration date. The Exchange stated that it therefore believes that a FLEX Option series in one class may have the same exercise style, expiration date, settlement, and exercise price as a non-FLEX option series in a different class, even if they are on the same underlying security or index. The Exchange stated that it believes, for example, pursuant to the proposed rule change, a FLEX Option series overlying the S&P 500 with a multiplier of one may have the same exercise style, expiration date, settlement, and exercise price as a non-FLEX option series overlying the S&P 500 with a multiplier of 100, as they are series in different classes.

The Exchange represented that FLEX Index Options with a multiplier of one will be traded in the same manner as all other FLEX Options pursuant to Chapter 5, Section F of the Exchange's rules. The proposed rule change would amend Rule 4.21(b)(6) to state that the exercise price for a FLEX Index Option series in a class with a multiplier of one is set at the same level as the exercise price for a FLEX Index Option series in a class with a multiplier of 100. The proposed rule change also would add to Rule 5.3(e)(3) that FLEX Index Options with a multiplier of one must be expressed in (a) U.S. dollars and decimals if the exercise price for the FLEX Option series is a fixed price, or (b) a percentage, if the exercise price for the FLEX Option series is a percentage of the closing value of the underlying equity security or index on the trade date, per 1/100th unit. In addition, the proposed rule change would state that the Exchange's system rounds bids and offers of FLEX Options to the nearest minimum increment following application of the designated percentage to the closing value of the underlying security or index. The Exchange stated that it believes that this is consistent with current functionality and is merely a clarification in the Exchange's rules.

The Exchange stated that it believes a FLEX Option position with a multiplier of one would not be fungible with any non-FLEX index option. Pursuant to Rule 4.22(a), a FLEX Option position becomes fungible with a non-FLEX option that becomes listed with identical terms. The Exchange stated that it does not list for trading any non-FLEX index option class with a multiplier of one, and that, therefore, in its view, no FLEX Index Option series with a multiplier of 100 could be identical to, and fungible with, any non-FLEX option pursuant to Rule 4.22(a) despite the fact that all the other terms of the FLEX Index Option could be identical to a non-FLEX index option. The Exchange stated that if it determines to list non-FLEX index options with a one multiplier in the future, then a FLEX Index Option with a multiplier of one would become fungible with any non-FLEX index option with a multiplier of one with the same terms pursuant to Rule 4.22(a).

The proposed rule change would amend Rule 8.35(a) regarding position limits for FLEX Options to describe how FLEX Index Options with a multiplier of one will be counted for purposes of determining compliance with position limits. Because 100 FLEX Index Options with a multiplier of one are equivalent to one FLEX Index Option with a multiplier of 100 overlying the same index due to the difference in contract multipliers, proposed Rule 8.35(a)(7) states that for purposes of determining compliance with the position limits under Rule 8.35, 100 FLEX Index Option contracts with a multiplier of one equal one FLEX Index Option contract with a multiplier of 100 with the same underlying index.[12] The Exchange stated that it believes that this is consistent with the current treatment of other reduced-value FLEX Index Options with respect to position limits. The proposed rule change also would amend Rule 8.42 to make a corresponding statement regarding the application of exercise limits to FLEX Index Options with a multiplier of one. The Exchange stated that the margin requirements set forth in Chapter 10 of the Exchange's rules would apply to FLEX Index Options with a multiplier of one (as they currently do to all FLEX Options).[13]

The Exchange stated that it believes that permitting investors to trade FLEX Index Option contracts on full-value indexes with an index multiplier of one will provide investors with additional granularity in the prices at which they may execute and exercise their FLEX Options on the Exchange, and thus provide investors with an additional tool to manage the positions and associated risk in their portfolios based on notional value, which currently may equal a fraction of a standard contract.

The Exchange represented that, with regard to the impact of this proposal on system capacity, the Exchange has analyzed its capacity and represents that it and the Options Price Reporting Authority have the necessary systems

[8] A ''FLEX Trader'' is a Trading Permit Holder the Exchange has approved to trade FLEX Options on the Exchange.

[9] These terms include, in addition to the underlying equity security or index, the type of options (put or call), exercise style, expiration date, settlement type, and exercise price. *See* Rule 4.21(b). A ''FLEX Order'' is an order submitted in FLEX Options. The submission of a FLEX Order makes the FLEX Option series in that order eligible for trading. *See* Rule 5.72(b).

[10] The Exchange stated that because these are the terms designated by the Commission as those that constitute standardized options, therefore, the Exchange believes the proposed rule change is consistent with Section 9(b) of the Exchange Act. *See* Securities Exchange Act Release No. 31910 (February 23, 1993), 58 FR 12056 (March 2, 1993) (Order Designating FLEX Options as Standardized Options under Rule 9b–1 of the Exchange Act) (''FLEX Rule 9b–1 Order'').

[11] *See* Rule 4.21(a)(1). Non-FLEX options are standardized options traded on CBOE's non-FLEX options market. All terms of non-FLEX options such as strike prices, exercise types, expiration dates, and settlement types are the same and standardized for all market participants trading non-FLEX options. This is in contrast to the Exchange's FLEX Options market where such terms can be ''flexed'' by market participants.

[12] According to the Exchange, the proposed rule change would make a corresponding change to Rule 8.35(b) to clarify that, like reduced-value FLEX contracts, FLEX Index Option contracts with a multiplier of one will be aggregated with full-value contracts and counted by the amount by which they equal a full-value contract for purposes of the reporting obligation in that provision (*i.e.,* 100 FLEX Index Options with a multiplier of one will equal one FLEX Index Option contract with a multiplier of 100 overlying the same index).

[13] The Exchange stated that, pursuant to Rule 8.43(j), FLEX Index Options with a multiplier of one will be aggregated with non-FLEX index options on the same underlying index in the same manner as all other FLEX Index Options.

capacity to handle the potential additional traffic associated with the listing and trading of FLEX Index Options with a multiplier of one. The Exchange also stated that it understands that the Options Clearing Corporation will be able to accommodate the listing and trading of FLEX Index Options with a multiplier of one. The Exchange stated that, to reduce any potential confusion, FLEX Index Options with a multiplier of one would be listed with different trading symbols than FLEX Index Options with a multiplier of 100.

To date the Commission has received one comment letter, which supports the proposed rule change.[14] The commenter stated that, as a customer of CBOE, the proposal would ''dramatically increase the ease of use FLEX options'' in its hedging process.[15]

## II. Proceedings To Determine Whether To Approve or Disapprove SR–CBOE–2020–034 and Grounds for Disapproval Under Consideration

The Commission is instituting proceedings pursuant to Section 19(b)(2)(B) of the Exchange Act[16] to determine whether the proposed rule change should be approved or disapproved. Institution of such proceedings is appropriate at this time in view of the legal and policy issues raised by the proposed rule change, as discussed below. Institution of proceedings does not indicate that the Commission has reached any conclusions with respect to any of the issues involved. Rather, as stated below, the Commission seeks and encourages interested persons to provide comments on the proposed rule change to inform the Commission's analysis of whether to approve or disapprove the proposal.

Pursuant to Section 19(b)(2)(B) of the Exchange Act,[17] the Commission is providing notice of the grounds for disapproval under consideration. The Commission is instituting proceedings to allow for additional analysis of the proposed rule change's consistency with the Exchange Act, and, in particular, with Section 6(b)(5) of the Exchange Act, which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, 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.[18]

The proposal would permit the trading of FLEX Index Options with a contract multiplier of one, which could have the exact same, or similar, terms as non-FLEX options[19] on the same index with a multiplier of 100.[20] The trading of FLEX Index Options with a contract multiplier of one under the proposal presents issues related to price protection in currently-existing non-FLEX index options on the same underlying index. Specifically, permitting two options with different contract multipliers on the same underlying interest could have the effect of allowing FLEX Options with a multiplier of one to gain priority over customer orders on the book for the similar non-FLEX index options overlying the same index and also allow bypassing or trading through the national best bid or offer (''NBBO'') in non-FLEX index options. Furthermore, the proposal could lead to market fragmentation by allowing FLEX Index Options to trade with a multiplier of one and index options on the same index to trade in the non-FLEX market with a multiplier of 100. Accordingly, the Commission believes there are questions as to whether the proposal is consistent with Section 6(b)(5) of the Exchange Act and the requirements that the rules of the exchange be designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, and in general, to protect investors and the public interest, and whether the proposal is consistent with the maintenance of fair and orderly markets under the Exchange Act.

The FLEX Rule 9b–1 Order deemed FLEX Options to be standardized options for purposes of the options disclosure framework established under Exchange Act Rule 9b–1, which applies solely to standardized options.[21] The FLEX Rule 9b–1 Order specifically discussed the ability to flex strike prices, settlement, expiration dates, and exercise style, and states that all of the other terms of FLEX Options are standardized.[22] In addition, the Original FLEX Order specifically stated that the index multiplier, among other terms, is the same for FLEX as for non-FLEX index options.[23] Accordingly, the Commission believes there are questions as to whether the Exchange's proposal is consistent with the FLEX Rule 9b–1 Order and Original FLEX Order and the policies underlying those orders, and whether the proposal is consistent with Section 6(b)(5) of the Exchange Act.

The Commission notes that, under the Commission's Rules of Practice, the ''burden to demonstrate that a proposed rule change is consistent with the Exchange Act and the rules and regulations thereunder . . . is on the self-regulatory organization [''SRO''] that proposed the rule change.[24] The description of a proposed rule change, its purpose and operation, its effect, and a legal analysis of its consistency with applicable requirements must all be sufficiently detailed and specific to support an affirmative Commission finding,[25] and any failure of an SRO to provide this information may result in the Commission not having sufficient basis to make an affirmative finding that a proposed rule change is consistent with the Exchange Act and the applicable rule and regulations.[26]

For these reasons, the Commission believes it is appropriate to institute proceedings pursuant to Section 19(b)(2)(B) of the Exchange Act[27] to determine whether the proposal should be approved or disapproved.

## III. Procedure: Request for Written Comments

The Commission requests that interested persons provide written submissions of their views, data, and arguments with respect to the issues identified above, as well as any other concerns they may have with the proposal. In particular, the Commission invites the written views of interested persons concerning whether the proposal is consistent with Section 6(b)(5) or any other provision of the Exchange Act, or the rules and regulations thereunder. Although there do not appear to be any issues relevant to approval or disapproval that would

[14] *See* letter from Joyana Pilquist, CFA, dated August 24, 2020.

[15] *See id.*

[16] 15 U.S.C. 78s(b)(2)(B).

[17] *Id.*

[18] 15 U.S.C. 78f(b)(5).

[19] *See supra* note 11.

[20] Under the proposal, 100 FLEX Index Options with a multiplier of one would be economically equivalent to one non-FLEX index option with the same exact terms.

[21] *See* FLEX Rule 9b–1 Order, *supra* note 10.

[22] *See id.*

[23] *See* Securities Exchange Act Release No. 31920 (February 24, 1993), 58 FR 12280 at 12282 (March 3, 1993) (original order approving a CBOE proposal to list and trade FLEX Options on the S&P 100 and 500 Index options (''Original FLEX Order'')). The Original FLEX Order stated, among other things, that except for flexing certain terms different from a standardized option (*i.e.,* (1) strike prices; (2) exercise types; (3) expiration date; and (4) form of settlement), ''[o]ther terms, such as the level of the index multiplier and the nature of the rights and obligations FLEX Option purchasers and sellers, are the same for FLEX as for non-FLEX index options.'' The Commission notes that the Exchange does not currently allow trading of options with a multiplier of one on either FLEX or non-FLEX index options.

[24] Rule 700(b)(3), Commission Rules of Practice, 17 CFR 201.700(b)(3).

[25] *See id.*

[26] *See id.*

[27] 15 U.S.C. 78s(b)(2)(B).

be facilitated by an oral presentation of views, data, and arguments, the Commission will consider, pursuant to Rule 19b–4, any request for an opportunity to make an oral presentation.[28]

Interested persons are invited to submit written data, views, and arguments regarding whether the proposal should be approved or disapproved by November 12, 2020. Any person who wishes to file a rebuttal to any other person's submission must file that rebuttal by November 25, 2020.

The Commission asks that commenters address the sufficiency of the Exchange's statements in support of the proposal, which are set forth in the Notice,[29] in addition to any other comments they may wish to submit about the proposed rule change.

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–CBOE–2020–034 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–CBOE–2020–034. 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–CBOE–2020–034 and should be submitted on or before November 12, 2020. Rebuttal comments should be submitted by November 25, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[30]

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

[FR Doc. 2020–23261 Filed 10–20–20; 8:45 am]

**BILLING CODE 8011–01–P**

[28] Section 19(b)(2) of the Exchange Act, as amended by the Securities Act Amendments of 1975, Public Law 94–29 (June 4, 1975), grants the Commission flexibility to determine what type of proceeding—either oral or notice and opportunity for written comments—is appropriate for consideration of a particular proposal by a self-regulatory organization. *See* Securities Act Amendments of 1975, Senate Comm. on Banking, Housing & Urban Affairs, S. Rep. No. 75, 94th Cong., 1st Sess. 30 (1975).

[29] *See supra* note 3.

[30] 17 CFR 200.30–3(a)(57).

## SECURITIES AND EXCHANGE COMMISSION

**[Release No. 34–90211; File No. 265–33]**

## Asset Management Advisory Committee; Meeting

**AGENCY:** Securities and Exchange Commission.

**ACTION:** Notice of meeting.

**SUMMARY:** Notice is being provided that the Securities and Exchange Commission Asset Management Advisory Committee (''AMAC'') will hold a public meeting on November 5, 2020, by remote means. The meeting will begin at 9:00 a.m. (ET) and will be open to the public via webcast on the Commission's website at *www.sec.gov.* Persons needing special accommodations to take part because of a disability should notify the contact person listed below. The public is invited to submit written statements to the Committee. The meeting will include potential recommendations concerning COVID–19 related operational issues.

**DATES:** The public meeting will be held on November 5, 2020. Written statements should be received on or before October 29, 2020.

**ADDRESSES:** The meeting will be held by remote means and webcast on *www.sec.gov.* Written statements may be submitted by any of the following methods. To help us process and review your statement more efficiently, please use only one method. At this time, electronic statements are preferred.

*Electronic Statements*

- Use the Commission's internet submission form (*http://www.sec.gov/rules/other.shtml*); or
- Send an email message to *rule-comments@sec.gov.* Please include File Number 265–33 on the subject line; or

*Paper Statements*

- Send paper statements to Vanessa Countryman, Federal Advisory Committee Management Officer, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to File No. 265–33. This file number should be included on the subject line if email is used. The Commission will post all statements on the Commission's website at (*http://www.sec.gov/comments/265-33/265-33.htm*).

Statements also will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Room 1580, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. For up-to-date information on the availability of the Public Reference Room, please refer to *https://www.sec.gov/fast-answers/answerspublicdocshtm.html* or call (202) 551–5450.

All statements received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

**FOR FURTHER INFORMATION CONTACT:** Christian Broadbent, Senior Special Counsel, Angela Mokodean, Branch Chief, or Jay Williamson, Branch Chief, at (202) 551–6720, Division of Investment Management, Securities and Exchange Commission, 100 F Street NE, Washington DC 20549–3628.

**SUPPLEMENTARY INFORMATION:** In accordance with Section 10(a) of the Federal Advisory Committee Act, 5 U.S.C. App. 1, and the regulations thereunder, Dalia Blass, Designated Federal Officer of the Committee, has ordered publication of this notice.

Dated: October 16, 2020.

**Vanessa A. Countryman,**

*Committee Management Officer.*

[FR Doc. 2020–23302 Filed 10–20–20; 8:45 am]

**BILLING CODE 8011–01–P**