

unanticipated redemptions or trade fails.<sup>3</sup> The Funds will not borrow under the facility for leverage purposes, and the loans' duration will be no more than 7 days.<sup>4</sup>

2. Applicants anticipate that the proposed facility would provide a borrowing Fund with significant savings at times when the cash position of the Fund is insufficient to meet temporary cash requirements. In addition, Funds making short-term cash loans directly to other Funds would earn interest at a rate higher than they otherwise could obtain from investing their cash in repurchase agreements or certain other short term money market instruments. Thus, applicants assert that the facility would benefit both borrowing and lending Funds.

3. Applicants agree that any order granting the requested relief will be subject to the terms and conditions stated in the application. Among others, the Adviser, through a designated committee, would administer the facility as a disinterested fiduciary as part of its duties under the investment management agreements with the Funds and would receive no additional fee as compensation for its services in connection with the administration of the facility. The facility would be subject to oversight and certain approvals by the Funds' Board, including, among others, approval of the interest rate formula and of the method for allocating loans across Funds, as well as review of the process in place to evaluate the liquidity implications for the Funds. A Fund's aggregate outstanding interfund loans will not exceed 15% of its net assets, and the Fund's loans to any one Fund will not exceed 5% of the lending Fund's net assets.<sup>5</sup>

4. Applicants assert that the facility does not raise the concerns underlying section 12(d)(1) of the Act given that the Funds are part of the same group of investment companies and there will be no duplicative costs or fees to the

Funds.<sup>6</sup> Applicants also assert that the proposed transactions do not raise the concerns underlying sections 17(a)(1), 17(a)(3), 17(d) and 21(b) of the Act as the Funds would not engage in lending transactions that unfairly benefit insiders or are detrimental to the Funds. Applicants state that the facility will offer both reduced borrowing costs and enhanced returns on loaned funds to all participating Funds, and each Fund would have an equal opportunity to borrow and lend on equal terms based on an interest rate formula that is objective and verifiable. With respect to the relief from section 17(a)(2) of the Act, applicants note that any collateral pledged to secure an interfund loan would be subject to the same conditions imposed by any other lender to a Fund that imposes conditions on the quality of or access to collateral for a borrowing (if the lender is another Fund) or the same or better conditions (in any other circumstance).<sup>7</sup>

5. Applicants also believe that the limited relief from section 18(f)(1) of the Act that is necessary to implement the facility (because the lending Funds are not banks) is appropriate in light of the conditions and safeguards described in the application and because the Funds would remain subject to the requirement of section 18(f)(1) that all borrowings of the Fund, including combined interfund loans and bank borrowings, have at least 300% asset coverage.

6. Section 6(c) of the Act permits the Commission to exempt any persons or transactions from any provision of the Act if such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Section 12(d)(1)(j) of the Act provides that the Commission may exempt any person, security, or transaction, or any class or classes of persons, securities, or transactions, from any provision of section 12(d)(1) if the exemption is consistent with the public interest and the protection of investors. Section 17(b) of the Act authorizes the Commission to grant an order permitting a transaction otherwise prohibited by section 17(a) if it finds that (a) the terms of the proposed transaction are fair and reasonable and do not involve overreaching on the part

of any person concerned; (b) the proposed transaction is consistent with the policies of each registered investment company involved; and (c) the proposed transaction is consistent with the general purposes of the Act. Rule 17d-1(b) under the Act provides that in passing upon an application filed under the rule, the Commission will consider whether the participation of the registered investment company in a joint enterprise, joint arrangement or profit sharing plan on the basis proposed is consistent with the provisions, policies and purposes of the Act and the extent to which such participation is on a basis different from or less advantageous than that of the other participants.

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

**Eduardo A. Aleman,**  
Assistant Secretary.

[FR Doc. 2017-04106 Filed 3-2-17; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80114; File No. SR-LCH SA-2017-001]

### Self-Regulatory Organizations; LCH SA; Notice of Filing and Immediate Effectiveness of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice To Adopt Revised Fee Schedule and Establish Annual Fixed Fee for General Members

February 27, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on February 17, 2017, Banque Centrale de Compensation, which conducts business under the name LCH SA ("LCH SA"), filed with the Securities and Exchange Commission ("Commission") the proposed rule change described in Items I, II, and III below, which Items have been primarily prepared by LCH SA. LCH SA filed the proposal pursuant to Section 19(b)(3)(A) of the Act,<sup>3</sup> and Rule 19b-4(f)(2)<sup>4</sup> thereunder, so that the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

<sup>3</sup> Applicants request that the order also apply to any existing or future series of the Funds and to any other registered management investment company or its series for which NBIA and each successor thereto or a person controlling, controlled by, or under common control with NBIA serves as investment adviser (each such investment company or series thereof included in the term "Fund," and each such investment adviser an "Adviser"). A "successor" is defined as any entity resulting from a reorganization of NBIA into another jurisdiction or a change in the type of business organization.

<sup>4</sup> Any Fund, however, will be able to call a loan on one business day's notice.

<sup>5</sup> Under certain circumstances, a borrowing Fund will be required to pledge collateral to secure the loan.

<sup>6</sup> Applicants state that the obligation to repay an interfund loan could be deemed to constitute a security for the purposes of sections 17(a)(1) and 12(d)(1) of the Act.

<sup>7</sup> Applicants state that any pledge of securities to secure an interfund loan could constitute a purchase of securities for purposes of section 17(a)(2) of the Act.

<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).

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

**I. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change, Security-Based Swap Submission, or Advance Notice**

The proposed rule change will: (1) Modify the annual fixed fee that covers all self-clearing activity for a Clearing Member<sup>5</sup> and its affiliates under the Unlimited Tariff, (2) establish an annual fixed fee for all General Members that participate in the CDS Clearing Services under the Introductory Tariff, and (3) remove the volume-based discounts currently in effect for the client clearing activities of the CDS Clearing Service.

**II. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change, Security-Based Swap Submission, or Advance Notice**

In its filing with the Commission, LCH SA 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. LCH SA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

*A. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change, Security-Based Swap Submission, or Advance Notice*

**1. Purpose**

The purpose of the proposed rule change is to: (1) Modify the annual fixed fee that covers all self-clearing activity for a Clearing Member and its affiliates under the Unlimited Tariff, (2) establish an annual fixed fee for all General Members that participate in the CDS Clearing Services under the Introductory Tariff, and (3) remove the volume-based discounts currently in effect for the client clearing activities of the CDS Clearing Service.

**Unlimited Tariff**

The proposed rule change will reduce the annual fixed fee for General Members that covers all self-clearing activity for Clearing Members and their affiliate(s) that have opted for the Unlimited Tariff. Currently, General Members that participate in the CDS Clearing Service can elect to pay an

annual fixed fee of €2,250,000 (the “Unlimited Tariff”), which covers all self-clearing fees for the Clearing Member and its affiliates. Clearing Members that select to pay this fixed fee are not charged any variable fee that would otherwise be assessed with each cleared CDS on their house activity.

General Clearing Members that do not select the Unlimited Tariff fall under the Introductory Tariff and are currently charged a variable volume based self-clearing fee. The fee is calculated and charged per million gross notional cleared (EUR/USD, as applicable) and varies depending on the type of CDS cleared, *i.e.*, European indices, European single names, US indices, US single names. The amount of variable fees paid for trades cleared by the General Clearing Member and its affiliates under the Introductory Tariff annually is currently capped at €2,250,000.

The rule change will reduce the annual fixed fee to be paid by General Members that select the Unlimited Tariff from €2,250,000 to €2,000,000. The cap on annual fees paid by General Members that select the Introductory Tariff will similarly be reduced from €2,250,000 to €2,000,000, and will include the fixed fee along with all variable fees for the Clearing Member and its affiliates.

LCH SA believes that the reduced fee more accurately reflects the proportionate costs and expenses that LCH SA will incur in connection with self-cleared transactions following the introduction of mandatory clearing of OTC derivatives and the anticipated increase in CDS client clearing activities.

**Annual Clearing Fee (Introductory Tariff)**

In addition, the proposed rule change will establish an annual fixed fee for all General Members that participate in the CDS Clearing Service under the Introductory Tariff. The annual fixed fee is independent from and in addition to the self-clearing and client clearing variable fees currently charged, but will count toward the €2,000,000 cap described above. Currently, General Members that participate in the CDS Clearing Service pay either the

Unlimited Tariff, which covers all self-clearing fees for the Clearing Member and its affiliates, or the Introductory Tariff, which is calculated per million gross notional cleared (EUR/USD, as applicable) and varies depending on the type of CDS cleared, *i.e.*, European indices, European single names, US indices, US single names. Therefore, Clearing Members under the Introductory Tariff with no clearing activity have full access to the CDS Clearing Service resources, are consulted on potential rules, product and service changes, and benefit from unlimited support for training and system training at no cost.

LCH SA believes that all General Members under the Introductory Tariff that have access to, and benefit from, the CDS Clearing Service resources should pay a fixed fee for such access, even if the General Member has no clearing activity. The rule change will require every General Member under the Introductory Tariff to pay an annual fixed fee of €200,000, which will increase to €400,000 for members with more than €15 billion gross notional in clearing activity per year, across self-clearing or clearing for clients. One-twelfth of the fee will be charged each month, and a pro-rata amount will be applied for Clearing Members starting or resigning during the calendar year.

**Volume-Based Discount**

Lastly, the proposed rule change will remove the volume-based discounts that had been in effect for CDS client clearing activities since early 2014. Currently, clients that participate in the CDS Clearing Service are charged a clearing fee per EUR/USD million gross notional cleared as follows:

European products	Base fees
Index (per million) .....	€4
Single Name (per million) .....	€12
U.S. Products	Base fees
Index (per million) .....	\$5
Single Name (per million) .....	\$17

In order to encourage client clearing of CDS back in 2014 ahead of the mandatory clearing requirement at the time, LCH SA has been offering volume-based discounts as follows:

Discounts for clients will be implemented as follows: Band	Benefit	Monthly gross notional cleared
Band A .....	Base Fee .....	€0 to €2 billion.
Band B .....	16% fee discount .....	€2 billion to €6 billion.
Band C .....	25% fee discount .....	€6 billion+.

<sup>5</sup> Capitalized terms not defined herein are defined in LCH SA’s Rulebook, available at <http://www.lch.com/rules-regulations/rulebooks/sa>.

With mandatory clearing of CDS now becoming effective in 2017 in Europe, LCH SA believes it is no longer necessary or appropriate to provide these discounts in light of the costs and expenses that LCH SA will incur in providing the CDS Clearing Service to clients. The rule change, therefore, will remove the volume-based discounts for CDS client clearing activities.

## 2. Statutory Basis

Section 17A(b)(3)(D) of the Act requires that the rules of a clearing agency provide for the equitable allocation of reasonable dues, fees, and other charges.<sup>6</sup> With respect to the Unlimited Tariff, LCH SA has determined that the reduction in the Unlimited Tariff fixed fee for General Members with respect to self-clearing activity on behalf of the Clearing Member and its affiliates is reasonable and appropriate given the costs and expenses to LCH SA. With CDS Clear now reaching a maturity stage in its development and the introduction of mandatory clearing of OTC derivatives in 2017, which will result in an increase in CDS client clearing activities, it is appropriate that the costs and expenses that LCH SA will incur in providing the CDS Clearing Service are shared more broadly among General Members and their clients that participate in the service. For the same reasons, LCH SA has determined that the cap on self-clearing fees, inclusive of the annual fixed fee, applicable to General Members electing the Introductory Tariff, should be lowered to the same amount as the revised Unlimited Tariff.

With respect to the annual fixed fee for General Members under the Introductory Tariff, LCH SA has determined that implementing an annual fixed fee for all General Members that participate in the CDS Clearing Service under the Introductory Tariff (which fee is separate from and in addition to the self-clearing and client clearing variable fees currently assessed), is reasonable and appropriate given the costs and expenses to LCH SA in providing the services to General Members. The fee assures that all General Members that benefit from the CDS Clearing Service pay an appropriate fee for such services, such as being consulted on potential rules, product and service changes, as well as benefiting from unlimited support for product and system training and testing, without regard to whether such General Members engage in CDS clearing activities. The proposed rule changes, therefore, are consistent with the

requirements of Section 17A of the Act<sup>7</sup> and regulations thereunder applicable to it, because they provide for the equitable allocation of reasonable fees, dues, and other charges among clearing members and market participants by ensuring that General Members and their clients pay reasonable fees and dues for the services that LCH SA provides.

With respect to the removal of volume-based discounts, LCH SA has determined that removing the volume-based discounts for CDS client clearing activities is reasonable and appropriate, given the costs and expenses to LCH SA in providing such services. The elimination of volume-based discounts will assure that clients pay an appropriate proportionate share of the costs and expenses that LCH SA will incur in providing the CDS Clearing Service.

## B. Clearing Agency's Statement on Burden on Competition

Section 17A(b)(3)(I) of the Act requires that the rules of a clearing agency not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.<sup>8</sup> LCH SA does not believe that the proposed rule change would impose any burden on competition. As noted above, LCH SA believes that the reduction in the annual Tariffs assessed on General Members with respect to self-clearing activity are reasonable and appropriate, as the Tariffs will apply equally to all General Members that self-clear CDS. Additionally, LCH SA believes that an annual fixed fee for all General Members that participate in the CDS Clearing Service under the Introductory Tariff, which fee is separate from and in addition to the self-clearing and client clearing variable fees currently assessed, is appropriate in light of the expenses incurred by LCH SA in providing its services. Further, LCH SA believes that removing the volume-based discounts for CDS client clearing activities is reasonable and appropriate, as the clearing fees will apply equally to all clients that participate in the CDS Clearing Service.

LCH SA does not believe that the proposed rule change would have a burden on competition because it does not adversely affect the ability of such Clearing Members or other market participants generally to engage in cleared transactions or to access clearing services.

## C. Clearing Agency's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

Written comments relating to the proposed rule change have not been solicited or received. LCH SA will notify the Commission of any written comments received by LCH SA.

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

The foregoing proposed rule change has become effective upon filing pursuant to Section 19(b)(3)(A)<sup>9</sup> of the Act and Rule 19b-4(f)(2)<sup>10</sup> thereunder because it establishes a fee or other charge imposed by LCH SA on its Clearing Members. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such proposed 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.

## 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:

- 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-LCH SA-2017-001 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-LCH SA-2017-001. 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 Web site (<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

<sup>6</sup> 15 U.S.C. 78q-1(b)(3)(D).

<sup>7</sup> 15 U.S.C. 78q-1.

<sup>8</sup> 15 U.S.C. 78q-1(b)(3)(I).

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

<sup>10</sup> 17 CFR 240.19b-4(f)(2).

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 Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filings will also be available for inspection and copying at the principal office of LCH SA and on LCH SA's Web site at <http://www.lch.com/asset-classes/cds/clar>. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-LCH SA-2017-001 and should be submitted on or before March 24, 2017.

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

**Eduardo A. Aleman,**

*Assistant Secretary.*

[FR Doc. 2017-04089 Filed 3-2-17; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 32512; 812-14706]

### Tortoise Index Solutions, LLC, et al.; Notice of Application

February 27, 2017.

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

**ACTION:** Notice of an application for an order under section 6(c) of the Investment Company Act of 1940 (the "Act") for an exemption from sections 2(a)(32), 5(a)(1), 22(d), and 22(e) of the Act and rule 22c-1 under the Act, under sections 6(c) and 17(b) of the Act for an exemption from sections 17(a)(1) and 17(a)(2) of the Act, and under section 12(d)(1)(f) for an exemption from sections 12(d)(1)(A) and 12(d)(1)(B) of the Act. The requested order would permit (a) index-based series of certain open-end management investment companies ("Funds") to issue shares redeemable in large aggregations only ("Creation Units"); (b) secondary market transactions in Fund shares to occur at negotiated market prices rather than at net asset value ("NAV"); (c) certain

Funds to pay redemption proceeds, under certain circumstances, more than seven days after the tender of shares for redemption; (d) certain affiliated persons of a Fund to deposit securities into, and receive securities from, the Fund in connection with the purchase and redemption of Creation Units; and (e) certain registered management investment companies and unit investment trusts outside of the same group of investment companies as the Funds ("Funds of Funds") to acquire shares of the Funds.

**APPLICANTS:** Tortoise Index Solutions, LLC (the "Initial Adviser"), a Delaware limited liability company that is registered as an investment adviser under the Investment Advisers Act of 1940; Montage Managers Trust (the "Trust"), a Delaware statutory trust registered under the Act as an open-end management investment company with multiple series, and Foreside Fund Services, LLC (the "Distributor"), a Delaware limited liability company and broker-dealer registered under the Securities Exchange Act of 1934 ("Exchange Act").

**FILING DATES:** The application was filed on October 7, 2016 and amended on February 16, 2017.

**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 writing to the Commission's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on March 27, 2017, 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 writing to the Commission's Secretary.

**ADDRESSES:** Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090; Applicants: The Initial Adviser, 11550 Ash Street, Suite 300, Leawood, KS 66211; the Trust, 11300 Tomahawk Creek Parkway, Suite 200, Leawood, KS 66211; and the Distributor, Three Canal Plaza, Suite 100, Portland, ME 04101.

**FOR FURTHER INFORMATION CONTACT:** Jean E. Minarick, Senior Counsel, at (202) 551-6811, or Daniele Marchesani, Assistant Chief Counsel, 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 Web site 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.

### Summary of the Application

1. Applicants request an order that would allow Funds to operate as index-based exchange traded funds ("ETFs").<sup>1</sup> Fund shares will be purchased and redeemed at their NAV in Creation Units only. All orders to purchase Creation Units and all redemption requests will be placed by or through an "Authorized Participant", which will have signed a participant agreement with the Distributor. Shares will be listed and traded individually on a national securities exchange, where share prices will be based on the current bid/offer market. Any order granting the requested relief would be subject to the terms and conditions stated in the application.

2. Each Fund will hold investment positions selected to correspond generally to the performance of an Underlying Index. In the case of Self-Indexing Funds, an affiliated person, as defined in section 2(a)(3) of the Act ("Affiliated Person"), or an affiliated person of an Affiliated Person ("Second-Tier Affiliate"), of the Trust or a Fund, of the Adviser, of any sub-adviser to or promoter of a Fund, or of the Distributor will compile, create, sponsor or maintain the Underlying Index.<sup>2</sup>

3. Shares will be purchased and redeemed in Creation Units and generally on an in-kind basis. Except where the purchase or redemption will

<sup>1</sup> Applicants request that the order apply to the Tortoise North American Pipeline Fund series of the Trust and any additional series of the Trust, and any other open-end management investment company or series thereof that may be created in the future (each, included in the term "Fund") each of which will operate as an ETF and will track a specified index comprised of domestic or foreign equity and/or fixed income securities (each, an "Underlying Index"). Any Fund will (a) be advised by the Initial Adviser or an entity controlling, controlled by, or under common control with the Initial Adviser (such entity or any successor thereto is included in the term, an "Adviser") and (b) comply with the terms and conditions of the application.

<sup>2</sup> Each Self-Indexing Fund will post on its Web site the identities and quantities of the investment positions that will form the basis for the Fund's calculation of its NAV at the end of the day. Applicants believe that requiring Self-Indexing Funds to maintain full portfolio transparency will help address, together with other protections, conflicts of interest with respect to such Funds.

<sup>11</sup> 17 CFR 200.30-3(a)(12).