

and any principal underwriter for the Funds, and/or any broker or dealer registered under the Exchange Act, to sell shares to Funds of Funds beyond the limits of section 12(d)(1)(B) of the Act. The application's terms and conditions are designed to, among other things, help prevent any potential (i) undue influence over a Fund through control or voting power, or in connection with certain services, transactions, and underwritings, (ii) excessive layering of fees, and (iii) overly complex fund structures, which are the concerns underlying the limits in sections 12(d)(1)(A) and (B) of the Act.

8. Applicants request an exemption from sections 17(a)(1) and 17(a)(2) of the Act to permit persons that are Affiliated Persons, or Second-Tier Affiliates, of the Funds, solely by virtue of certain ownership interests, to effectuate purchases and redemptions in-kind. The deposit procedures for in-kind purchases of Creation Units and the redemption procedures for in-kind redemptions of Creation Units will be the same for all purchases and redemptions and Deposit Instruments and Redemption Instruments will be valued in the same manner as those investment positions currently held by the Funds. Applicants also seek relief from the prohibitions on affiliated transactions in section 17(a) to permit a Fund to sell its shares to and redeem its shares from a Fund of Funds, and to engage in the accompanying in-kind transactions with the Fund of Funds.<sup>3</sup> The purchase of Creation Units by a Fund of Funds directly from a Fund will be accomplished in accordance with the policies of the Fund of Funds and will be based on the NAVs of the Funds.

9. 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

<sup>3</sup> The requested relief would apply to direct sales of shares in Creation Units by a Fund to a Fund of Funds and redemptions of those shares. Applicants are not seeking relief from section 17(a) for, and the requested relief will not apply to, transactions where a Fund could be deemed an Affiliated Person, or a Second-Tier Affiliate, of a Fund of Funds because an Adviser or an entity controlling, controlled by or under common control with an Adviser provides investment advisory services to that Fund of Funds.

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.

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

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

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-81801; File No. SR-FINRA-2017-030]

**Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the Review Charges for Communications Filed With or Submitted to FINRA**

October 3, 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 September 26, 2017, 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, II, and III below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as "establishing or changing a due, fee or other charge" under Section 19(b)(3)(A)(ii) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> 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.

<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)(ii).

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

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

FINRA is proposing to amend Section 13 of Schedule A to the FINRA By-Laws ("Section 13") governing the review charges for communications filed with or submitted to FINRA's Advertising Regulation Department (the "Department") to account for upcoming technological changes that will allow Web sites to be filed in native format.

Below is the text of the proposed rule change. Proposed new language is in italics; proposed deletions are in brackets.

\* \* \* \* \*

*Schedule A to the By-Laws of the Corporation*

\* \* \* \* \*

**Section 13—Review Charge for Communications Filed or Submitted**

There shall be a review charge for each and every communication, whether in printed, video or other form, filed with or submitted to FINRA, except for items that are filed or submitted in response to a written request from FINRA's Advertising Regulation Department ("the Department") issued pursuant to the spot check procedures set forth in FINRA rules, as follows: (1) For printed or Web site material reviewed, \$125.00, plus \$10.00 for each *printed* page or *Web page* reviewed in excess of 10 pages; and (2) for video or audio media, \$125.00, plus \$10.00 per minute for each minute of tape reviewed in excess of 10 minutes.

Where a member requests expedited review of material submitted to the Department there shall be a review charge of \$600.00 per item plus \$50.00 for each *printed* page or *Web page* reviewed in excess of 10 pages. Expedited review shall be completed within three business days, not including the date the item is received by the Department, unless a shorter or longer period is agreed to by the Department. The Department may, in its sole discretion, refuse requests for expedited review.

\* \* \* \* \*

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

In its filing with the Commission, FINRA 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. FINRA 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

##### Background

In April 2014, FINRA launched a retrospective review of its communications with the public rules to assess their effectiveness and efficiency. In December 2014, FINRA published a report on the assessment phase of the review.<sup>5</sup> The report concluded that, while the rules have largely been effective in meeting their intended investor protection objectives, the rules and FINRA's administration of them could benefit from some updating to better align the investor protection benefits and the economic impacts.

To this end, the report recommended a combination of rule proposals, guidance and administrative measures, including systems upgrades, to enhance the effectiveness and efficiency of the rules with no reduction in investor protection. Pursuant to these recommendations, efforts have been underway to upgrade FINRA's Advertising Regulation Electronic Files ("AREF") System, a web-based application accessed through the FINRA Firm Gateway that enables member firms to electronically submit communications with the public for review by FINRA's Advertising Regulation Department ("Department").<sup>6</sup> Currently, the AREF System accepts such submissions in a variety of file formats for print (e.g., .doc, .rtf, .txt), video (e.g., .mov, .mp4, .wmv), audio (e.g., .aif, .mp3, .wav) or other form (e.g., .pdf), but not for Web site or Web page communications in their native format (e.g., .html). Consequently, firms submitting Web site or Web page communications through the AREF System must convert them from native format to a format such as Portable Document Format (.pdf). This conversion process can be burdensome, sometimes resulting in voluminous .pdf pages. The impending upgrades to the

AREF System will make the submission of Web site or Web page communications more efficient by including the capability to accept such communications in their native format.<sup>7</sup> Each web address, a Uniform Resource Locator or URL, would be packaged within a compressed file format and submitted through the AREF System, then reviewed by the Department in an offline state. FINRA anticipates this upgraded AREF System capability to be operational by the fourth quarter of 2017.

##### Proposed Rule Change

FINRA Rule 2210 (Communications with the Public) requires members to file with the Department specified retail communications either 10 business days prior to use or within 10 business days of first use, as applicable. For example, new members, for a period of one year beginning on the date their FINRA membership becomes effective, generally must file with the Department at least 10 business days prior to first use, any retail communication that is published or used in any electronic or other public media, including any generally accessible Web site.<sup>8</sup> As another example, all members generally must file within 10 business days of first use any retail communication, including a Web site communication that promotes or recommends a specific registered investment company or family of registered investment companies.<sup>9</sup> The Department evaluates these and other communications subject to filing requirements or filed voluntarily by firms for compliance with applicable rules of FINRA, the SEC, the Municipal Securities Rulemaking Board and the Securities Investor Protection Corporation. Pursuant to the content standards of Rule 2210, the Department helps to ensure that all member firms' communications are based on principles of fair dealing and good faith, are fair and balanced, and provide a sound basis for evaluating the facts in regard to any particular security or type of security, industry or service. Among other things, FINRA rules prohibit member communications from including false, exaggerated, unwarranted, or misleading statements or claims.

Currently, Section 13 imposes a review charge for each communication filed with or submitted to FINRA (except for items that are filed or

submitted in response to a written request from the Department issued pursuant to the spot check procedures set forth in Rules 2210(c)(6) and 2220(c)(3)). The rates charged are based on the number of pages for printed material or the length of video or audio media. In addition, there are surcharges for expedited review. The proposed rule change would establish charges for submission of Web sites and Web pages in native format, in anticipation of the upgraded AREF System capabilities. It would establish rates of \$125, plus \$10 for each Web page reviewed in excess of 10 pages. The charges for expedited reviews would be \$600 per item plus \$50 for each Web page reviewed in excess of 10 pages. For the purposes of the charging schedule, each distinct URL would be treated as a Web page. The proposed rates mirror the current rates for printed material, which would remain unchanged. Thus, the proposed rule change maintains parity in charging, irrespective of the form of filing or submission. FINRA notes that firms will not be obligated to file or submit Web site communications in native format. They may continue to convert those communications to a printed format and submit them at the unchanged printed page rate if they find that method more efficient or economical.

FINRA has filed the proposed rule change for immediate effectiveness. FINRA will announce the implementation date of the proposed rule change in a *Regulatory Notice*.

#### 2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(5) of the Act,<sup>10</sup> which requires, among other things, that FINRA rules provide for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system that FINRA operates or controls. FINRA believes that the proposed rule change is consistent with Section 15A(b)(5) of the Act in that it will establish a reasonable fee in conjunction with a technology upgrade that will permit more efficient filing and submission of electronic communications. Submission of communications in native format will be voluntary, and the proposed fee is consistent with current charges for communications submitted in other formats. Moreover, the proposed fee is equitably allocated among all members

<sup>5</sup> See Retrospective Rule Review Report, Communications with the Public (December 2014), <http://www.finra.org/sites/default/files/p602011.pdf>.

<sup>6</sup> FINRA Firm Gateway is an online compliance tool that provides consolidated access to FINRA applications and allows members to submit required filings electronically to meet their compliance and regulatory obligations.

<sup>7</sup> The upgrades to the AREF System would not impact the way in which mobile applications are currently submitted in video format.

<sup>8</sup> See FINRA Rule 2210(c)(1).

<sup>9</sup> See FINRA Rule 2210(c)(3).

<sup>10</sup> 15 U.S.C. 78o-3(b)(5).

that file or submit communications to the Department for review.

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

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change would not impose any additional reporting requirements or costs on firms. Members will not be obligated to submit communications in native format and therefore may choose to continue to file or submit communications as they do today, with the same attendant charges.

To the extent that the conversion of Web site or Web page communications from native format to another format were viewed as burdensome among market participants, those participants will have the option to submit such communications in native format, which would permit members to mitigate any direct or indirect costs associated with such conversion.

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

Written comments were neither solicited nor received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>11</sup> and paragraph (f)(2) of Rule 19b-4 thereunder.<sup>12</sup> At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

*Electronic Comments*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2017-030 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-FINRA-2017-030. 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 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 the filing also will be available for inspection and copying at the principal office of FINRA. 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-FINRA-2017-030, and should be submitted on or before November 1, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>13</sup>

**Robert W. Errett,**  
*Deputy Secretary.*

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**BILLING CODE 8011-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

**Proposed Collection; Comment Request**

*Upon Written Request, Copies Available From:* Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE., Washington, DC 20549-2736

*Extension:*

Rule 18f-3, SEC File No. 270-385, OMB Control No. 3235-0441

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) ("Paperwork Reduction Act"), the Securities and Exchange Commission (the "Commission") is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget ("OMB") for extension and approval.

Rule 18f-3 (17 CFR 270.18f-3) under the Investment Company Act of 1940 (15 U.S.C. 80a-1 *et seq.*) exempts from section 18(f)(1) a fund that issues multiple classes of shares representing interests in the same portfolio of securities (a "multiple class fund") if the fund satisfies the conditions of the rule. In general, each class must differ in its arrangement for shareholder services or distribution or both, and must pay the related expenses of that different arrangement. The rule includes one requirement for the collection of information. A multiple class fund must prepare, and fund directors must approve, a written plan setting forth the separate arrangement and expense allocation of each class, and any related conversion features or exchange privileges ("rule 18f-3 plan"). Approval of the plan must occur before the fund issues any shares of multiple classes and whenever the fund materially amends the plan. In approving the plan, the fund board, including a majority of the independent directors, must determine that the plan is in the best interests of each class and the fund as a whole.

The requirement that the fund prepare and directors approve a written rule 18f-3 plan is intended to ensure that the fund compiles information relevant to the fairness of the separate arrangement and expense allocation for each class, and that directors review and approve the information. Without a blueprint that highlights material differences among classes, directors might not perceive potential conflicts of interests when they determine whether the plan is in the best interests of each class and

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

<sup>12</sup> 17 CFR 240.19b-4(f)(2).

<sup>13</sup> 17 CFR 200.30-3(a)(12).