

## SECURITIES AND EXCHANGE COMMISSION

### Submission for OMB Review; 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 17f-1, SEC File No. 270-236, OMB Control No. 3235-0222

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (the "Commission") has submitted to the Office of Management and Budget a request for extension of the previously approved collection of information discussed below.

Rule 17f-1 (17 CFR 270.17f-1) under the Investment Company Act of 1940 (the "Act") (15 U.S.C. 80a) is entitled: "Custody of Securities with Members of National Securities Exchanges." Rule 17f-1 provides that any registered management investment company ("fund") that wishes to place its assets in the custody of a national securities exchange member may do so only under a written contract that must be ratified initially and approved annually by a majority of the fund's board of directors. The written contract also must contain certain specified provisions. In addition, the rule requires an independent public accountant to examine the fund's assets in the custody of the exchange member at least three times during the fund's fiscal year. The rule requires the written contract and the certificate of each examination to be transmitted to the Commission. The purpose of the rule is to ensure the safekeeping of fund assets.

Commission staff estimates that each fund makes 1 response and spends an average of 3.5 hours annually in complying with the rule's requirements. Commission staff estimates that on an annual basis it takes: (i) 0.5 hours for the board of directors<sup>1</sup> to review and ratify the custodial contracts; and (ii) 3 hours for the fund's controller to assist the fund's independent public auditors in verifying the fund's assets. Approximately 6 funds rely on the rule annually, with a total of 6 responses.<sup>2</sup>

<sup>1</sup> Estimates of the number of hours are based on conversations with representatives of mutual funds that comply with the rule. The actual number of hours may vary significantly depending on individual fund assets. The hour burden for rule 17f-1 does not include preparing the custody contract because that would be part of customary and usual business practice.

<sup>2</sup> Based on a review of Form N-17f-1 filings over the last three years the Commission staff estimates

Thus, the total annual hour burden for rule 17f-1 is approximately 21 hours.<sup>3</sup>

Funds that rely on rule 17f-1 generally use outside counsel to prepare the custodial contract for the board's review and to transmit the contract to the Commission. Commission staff estimates the cost of outside counsel to perform these tasks for a fund each year is \$800.<sup>4</sup> Funds also must have an independent public accountant verify the fund's assets three times each year and prepare the certificate of examination. Commission staff estimates the annual cost for an independent public accountant to perform this service is \$8,500.<sup>5</sup> Therefore, the total annual cost burden for a fund that relies on rule 17f-1 would be approximately \$9,300.<sup>6</sup> As noted above, the staff estimates that 4 funds rely on rule 17f-1 each year, for an estimated total annualized cost burden of \$55,800.<sup>7</sup>

The estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act, and is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules. Compliance with the collections of information required by rule 17f-1 is mandatory for funds that place their assets in the custody of a national securities exchange member. Responses will not be kept confidential. An agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a currently valid control number.

The public may view the background documentation for this information collection at the following website, [www.reginfo.gov](http://www.reginfo.gov). Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive

that an average of 4 funds rely on rule 17f-1 each year.

<sup>3</sup> This estimate is based on the following calculation: (6 respondents × 3.5 hours = 21 hours). The annual burden for rule 17f-1 does not include time spent preparing Form N-17f-1. The burden for Form N-17f-1 is included in a separate collection of information.

<sup>4</sup> This estimate is based on the following calculation: (2 hours of outside counsel time × \$400 = \$800). The staff has estimated the average cost of outside counsel at \$400 per hour, based on information received from funds, fund intermediaries, and their counsel.

<sup>5</sup> This estimate is based on information received from fund representatives estimating the aggregate annual cost of an independent public accountant's periodic verification of assets and preparation of the certificate of examination.

<sup>6</sup> This estimate is based on the following calculation: (\$800 + \$8,500 = \$9,300).

<sup>7</sup> This estimate is based on the following calculation: (6 funds × \$9,300 = \$55,800).

Office Building, Washington, DC 20503, or by sending an email to: [ShaguftaAhmed@omb.eop.gov](mailto:ShaguftaAhmed@omb.eop.gov); and (ii) Pamela Dyson, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street NE, Washington, DC 20549 or send an email to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov). Comments must be submitted to OMB within 30 days of this notice.

Dated: March 9, 2018.

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

[FR Doc. 2018-05170 Filed 3-13-18; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82833; File No. SR-CboeBYX-2018-002]

### Self-Regulatory Organizations; Cboe BYX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Transaction Fees

March 8, 2018.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 1, 2018, Cboe BYX Exchange, Inc. (the "Exchange" or "BYX") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange 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 proposed rule change effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange filed a proposal to amend the fee schedule applicable to Members<sup>5</sup> and non-Members of the

<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).

<sup>5</sup> The term "Member" is defined as "any registered broker or dealer that has been admitted to membership in the Exchange." See Exchange Rule 1.5(n).

Exchange pursuant to BYX Rules 15.1(a) and (c).

The text of the proposed rule change is available at the Exchange's website at [www.markets.cboe.com](http://www.markets.cboe.com), at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant parts of such statements.

### (A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The Exchange proposes to amend its fee schedule to adopt a new tier under footnote 1, Add/Remove Volume Tiers. The Exchange currently offers six tiers under footnote 1 that offer reduced fees for displayed orders that add liquidity yielding fee codes B,<sup>6</sup> V<sup>7</sup> and Y,<sup>8</sup> and two tiers [sic] that offer an enhanced rebate for orders that remove liquidity yielding fee codes BB,<sup>9</sup> N,<sup>10</sup> and W.<sup>11</sup>

The Exchange proposes to add a new tier under footnote 1, to be known as Tier 10, under which a Member would receive an enhanced rebate of \$0.0017 per share on orders that yield fee codes BB, N and W, where a Member has: (i) A Step-Up Remove TCV<sup>12</sup> from January 2018 equal to or greater than 0.30%; and (ii) a remove ADV<sup>13</sup> equal to or greater

<sup>6</sup> Fee code B is appended to displayed orders that add liquidity to BYX (Tape B). See the Exchange's fee schedule available at [http://markets.cboe.com/us/equities/membership/fee\\_schedule/byx/](http://markets.cboe.com/us/equities/membership/fee_schedule/byx/).

<sup>7</sup> Fee code V is appended to displayed orders that add liquidity to BYX (Tape A). *Id.*

<sup>8</sup> Fee code Y is appended to displayed orders that add liquidity to BYX (Tape C). *Id.*

<sup>9</sup> Fee code BB is appended to orders that remove liquidity from BYX (Tape B). *Id.*

<sup>10</sup> Fee code N is appended to orders that remove liquidity from BYX (Tape C). *Id.*

<sup>11</sup> Fee code W is appended to orders that remove liquidity from BYX (Tape A). See the Exchange's fee schedule available at [http://markets.cboe.com/us/equities/membership/fee\\_schedule/byx/](http://markets.cboe.com/us/equities/membership/fee_schedule/byx/).

<sup>12</sup> "Step-Up Remove TCV" means remove ADV as a percentage of TCV in the relevant baseline month subtracted from current remove ADV as a percentage of TCV. *Id.*

<sup>13</sup> "ADV" means average daily volume calculated as the number of shares added or removed, combined, per day. ADV are calculated on a monthly basis. *Id.*

than 0.70% of the TCV.<sup>14</sup> The Exchange proposes to implement the above changes to its fee schedule on March 1, 2018.

### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,<sup>15</sup> in general, and furthers the objectives of Section 6(b)(4),<sup>16</sup> in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange notes that it operates in a highly-competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The proposed rule change reflects a competitive pricing structure designed to incent market participants to direct their order flow to the Exchange. The Exchange believes that the proposed tier is equitable and non-discriminatory in it would apply uniformly to all Members.

In addition, volume-based fees such as that proposed herein have been widely adopted by exchanges and are equitable because they are open to all Members on an equal basis and provide additional benefits or discounts that are reasonably related to: (i) The value to an exchange's market quality; (ii) associated higher levels of market activity, such as higher levels of liquidity provision and/or growth patterns; and (iii) the introduction of higher volumes of orders into the price and volume discovery processes. The Exchange believes that the proposed tier is a reasonable, fair and equitable, and not an unfairly discriminatory allocation of fees and rebates, because it will provide Members with an additional incentive to reach certain thresholds on the Exchange.

In particular, the Exchange believes that the proposed Tier 10 to be added to footnote 1 is equitably allocated and reasonable because it will reward a Member's growth pattern on the Exchange and such increased volume will allow the Exchange to continue to provide and potentially expand its incentive programs. The Exchange further believes that the proposed tier is reasonable, fair and equitable because the liquidity from the proposed change would benefit all investors by

<sup>14</sup> "TCV" means total consolidated volume calculated as the volume reported by all exchanges and trade reporting facilities to a consolidated transaction reporting plan for the month for which the fees apply. *Id.*

<sup>15</sup> 15 U.S.C. 78f.

<sup>16</sup> 15 U.S.C. 78f(b)(4).

deepening the Exchange's liquidity pool, offering additional flexibility for all investors to enjoy cost savings, supporting the quality of price discovery, promoting market transparency and improving investor protection. The Exchange also believes the proposed rebate of \$0.0017 per share for Tier 10 is reasonable in that it is equivalent to the top tier rebate to remove liquidity provided by Nasdaq BX.<sup>17</sup> The proposed pricing structure is also not unfairly discriminatory in that it is available to all Members.

### (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 not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that this change represents a significant departure from previous pricing offered by the Exchange or from pricing offered by the Exchange's competitors. The proposed rates would apply uniformly to all Members, and Members may opt to disfavor the Exchange's pricing if they believe that alternatives offer them better value. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets. Further, excessive fees would serve to impair an exchange's ability to compete for order flow and members rather than burdening competition. The Exchange believes that its proposal would not burden intramarket competition because the proposed rate would apply uniformly to all Members.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from Members or other interested parties.

## 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)

<sup>17</sup> See the Nasdaq BX fee schedule available at [http://www.nasdaqtrader.com/Trader.aspx?id=bx\\_pricing](http://www.nasdaqtrader.com/Trader.aspx?id=bx_pricing).

of the Act<sup>18</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>19</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.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposal 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 No. SR-CboeBYX-2018-002 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 No. SR-CboeBYX-2018-002. 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 such filing will also 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 No. SR-CboeBYX-2018-002 and should be submitted on or before April 4, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>20</sup>

**Eduardo A. Aleman,**

*Assistant Secretary.*

[FR Doc. 2018-05078 Filed 3-13-18; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82843; File No. SR-CboeBZX-2017-006]

### Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Order Instituting Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change To List and Trade Shares of a Series of the Cboe Vest S&P 500 Enhanced Growth Strategy ETF Under the ETF Series Solutions Trust Under Rule 14.11(c)(3), Index Fund Shares

March 9, 2018.

#### I. Introduction

On November 21, 2017, Cboe BZX Exchange, Inc. ("Exchange" or "BZX") filed with the Securities and Exchange Commission ("Commission"), 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> a proposed rule change to list and trade, under BZX Rule 14.11(c)(3), shares ("Shares") of a series of the Cboe Vest S&P 500<sup>®</sup> Enhanced Growth Strategy ETF (individually, "Fund," and, collectively, "Funds") under the ETF Series Solutions Trust ("Trust"). The proposed rule change was published for comment in the **Federal Register** on December 11, 2017.<sup>3</sup> On January 22, 2018, the Commission extended the time period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to approve or disapprove the proposed rule change to March 11, 2018.<sup>4</sup> The Commission has received no comment letters on the proposed rule change. This order

<sup>20</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

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

<sup>3</sup> See Securities Exchange Act Release No. 82216 (December 5, 2017), 82 FR 58235 ("Notice").

<sup>4</sup> See Securities Exchange Act Release No. 82552, 83 FR 3819 (January 26, 2018).

institutes proceedings under Section 19(b)(2)(B) of the Act<sup>5</sup> to determine whether to disapprove the proposed rule change.

#### II. Exchange's Description of the Proposed Rule Change<sup>6</sup>

The Exchange proposes to list and trade the Shares of the Funds under BZX Rule 14.11(c)(3), which governs the listing and trading of Index Fund Shares. In total, the Exchange is proposing to list and trade Shares of twelve monthly series of the Cboe Vest S&P 500<sup>®</sup> Enhanced Growth Strategy ETF. Each Fund will be an index-based exchange traded fund ("ETF"). The Funds will include the following: Cboe Vest S&P 500<sup>®</sup> Enhanced Growth Strategy (January) ETF; Cboe Vest S&P 500<sup>®</sup> Enhanced Growth Strategy (February) ETF; Cboe Vest S&P 500<sup>®</sup> Enhanced Growth Strategy (March) ETF; Cboe Vest S&P 500<sup>®</sup> Enhanced Growth Strategy (April) ETF; Cboe Vest S&P 500<sup>®</sup> Enhanced Growth Strategy (May) ETF; Cboe Vest S&P 500<sup>®</sup> Enhanced Growth Strategy (June) ETF; Cboe Vest S&P 500<sup>®</sup> Enhanced Growth Strategy (July) ETF; Cboe Vest S&P 500<sup>®</sup> Enhanced Growth Strategy (August) ETF; Cboe Vest S&P 500<sup>®</sup> Enhanced Growth Strategy (September) ETF; Cboe Vest S&P 500<sup>®</sup> Enhanced Growth Strategy (October) ETF; Cboe Vest S&P 500<sup>®</sup> Enhanced Growth Strategy (November) ETF; and Cboe Vest S&P 500<sup>®</sup> Enhanced Growth Strategy (December) ETF. Each Fund will be based on the Cboe S&P 500 Enhanced Growth Index (Month) Series, where "Month" is the corresponding month associated with the roll date of the applicable Fund (each an "Index" and, collectively, the "Indexes").

The Shares will be offered by the Trust, which was established as a Delaware statutory trust on February 9, 2012. The Trust is registered with the Commission as an open-end investment company and has filed a registration statement on behalf of the Funds on Form N-1A ("Registration Statement") with the Commission.<sup>7</sup> The Funds'

<sup>5</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>6</sup> A more detailed description of the Trust, the Funds, and the Shares, as well as the availability of price information and other information regarding the Indexes (as defined herein) and the Funds' portfolio holdings, are included in the Notice and Registration Statement (as defined herein). See Notice, *supra* note 3; Registration Statement, *infra* note 7 and accompanying text.

<sup>7</sup> See Registration Statement on Form N-1A for the Trust, dated October 27, 2017 (File Nos. 333-179562 and 811-22668). According to the Exchange, the Commission has not yet issued an order granting exemptive relief to the Trust under the Investment Company Act of 1940 applicable to the activities of the Funds, but the Funds will not be listed on the Exchange until such an order is

<sup>18</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>19</sup> 17 CFR 240.19b-4(f).