

decreasing the degree to which the default variance is subject to sudden jumps across volatile months.

Taken together, the Commission believes that these proposals would improve the accuracy of OCC's credit exposure calculations and, consequently, OCC's calculations of its clearing members' margin requirements. As described above, the proposed changes are designed to better limit OCC's credit exposure to the clearing members in the event of a clearing member default, which could help ensure that OCC's operations are not disrupted in the event of a clearing member default. In particular, the daily updates of the pricing data, the enhancements to the econometric model, and the enhancements to the correlation estimates promote more accurate and stable model measurements that have less volatility. Moreover, the enhancements to the defaulting securities methodology will decrease the manner in which the default estimates are affected by illiquid securities and reduce the amount to which the default variance is subject to sudden jumps, further promoting stable model measurements with less volatility.

By better limiting credit exposure to its clearing members, OCC's proposed changes are designed to help ensure that, in the event of a clearing member default, OCC's operations would not be disrupted. As a result, it could continue to clear and settle securities transactions as promptly and accurately as possible and safeguard the securities and funds in its custody or control, which generally would help protect investors and the public interest. Additionally, OCC's enhanced ability to determine margin requirements should help ensure that non-defaulting clearing members would not be exposed to losses that they cannot anticipate or control, which also generally would help protect investors and the public interest.

As a result, the Commission believes the Proposed Rule Change is designed to promote the prompt and accurate clearance and settlement of securities transactions, assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible, and, in general, to protect investors and the public interest in accordance with Section 17A(b)(3)(F) of the Act.<sup>98</sup>

*B. Consistency With Rules 17Ad–22(e)(6)(i), (e)(6)(iii), and (e)(6)(iv) Under the Act*

The Commission believes that the changes proposed in the Proposed Rule Change are consistent with Rules 17Ad–22(e)(6)(i), (e)(6)(iii), and (e)(6)(iv) under the Act, which requires that OCC establish, implement, maintain, and enforce written policies and procedures reasonably designed to cover its credit exposures to its participants by establishing a risk-based margin system that, among other things: (i) Considers, and produces margin levels commensurate with the risks and particular attributes of each relevant product, portfolio, and market; (ii) calculates margin sufficient to cover its potential future exposure to participants in the interval between the last margin collection and the close out of positions following a participant default; and (iii) uses reliable sources of timely price data and uses procedures and sound valuation models for addressing circumstances in which pricing data is not readily available or reliable.<sup>99</sup>

As described above, the proposal contained in the Proposed Rule Change would make several amendments to OCC's margin methodology designed to improve how it: (i) Accounts for asymmetry in conditional variance;<sup>100</sup> (ii) models the statistical distribution of price returns;<sup>101</sup> (iii) models second-day volatility forecasts;<sup>102</sup> (iv) estimates covariance and correlations between risk factors to provide for stable and sensitive correlation estimations;<sup>103</sup> and (v) treats defaulting securities by reducing the impact that illiquid securities with discontinuous data have on default variance estimates.<sup>104</sup>

The Commission believes the modifications proposed are designed to improve the manner in which STANS would calculate daily margin requirements for OCC's clearing members. Consequently, the Commission believes that the proposal is designed to both (i) consider, and produce margin levels commensurate with, the risks and particular attributes of each relevant product, portfolio, and market<sup>105</sup> and (ii) calculate margin sufficient to cover OCC's potential future exposure to participants in the interval between the last margin

collection and the close out of positions following a participant default.<sup>106</sup> Additionally, as discussed in the Proposed Rule Change,<sup>107</sup> the proposal would introduce daily updates for price data for equity products, which data would be obtained from a reliable industry vendor. Taken together, the Commission believes that the changes and modifications proposed in the Proposed Rule Change would help ensure that OCC's margin methodology utilizes a reliable source of timely price data, which would better reflect current market conditions than the current monthly updates, and thereby result in more accurate and responsive margin requirements.<sup>108</sup> Consequently, the Commission finds that the proposal is consistent with Rules 17Ad–22(e)(6)(i), (e)(6)(iii), and (e)(6)(iv) under the Act.

#### IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed change is consistent with the requirements of the Act, and in particular, with the requirements of Section 17A of the Act<sup>109</sup> and the rules and regulations thereunder.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>110</sup> that the Proposed Rule Change (SR–OCC–2017–022) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>111</sup>

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

[FR Doc. 2018–11615 Filed 5–30–18; 8:45 am]

**BILLING CODE 8011–01–P**

## SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 33109]

### Notice of Applications for Deregistration Under Section 8(f) of the Investment Company Act of 1940

May 25, 2018.

The following is a notice of applications for deregistration under section 8(f) of the Investment Company Act of 1940 for the month of May 2018. A copy of each application may be obtained via the Commission's website by searching for the file number, or for

<sup>99</sup> 17 CFR 240.17Ad–22(e)(6)(i), (e)(6)(iii), and (e)(6)(iv).

<sup>100</sup> See Notice of Filing of Proposed Rule Change, 82 FR at 57306.

<sup>101</sup> *Id.*

<sup>102</sup> *Id.*

<sup>103</sup> *Id.*

<sup>104</sup> See Notice of Filing of Proposed Rule change, 82 FR at 57306–57307.

<sup>105</sup> See 17 CFR 240.17Ad–22(e)(6)(i).

<sup>106</sup> See 17 CFR 240.17Ad–22(e)(6)(iii).

<sup>107</sup> See Notice, 82 FR at 57307.

<sup>108</sup> See 17 CFR 240.17Ad–22(e)(6)(iv).

<sup>109</sup> In approving this Proposed Rule Change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>110</sup> 15 U.S.C. 78s(b)(2).

<sup>111</sup> 17 CFR 200.30–3(a)(12).

<sup>98</sup> *Id.*

an applicant using the Company name box, at <http://www.sec.gov/search/search.htm> or by calling (202) 551-8090. An order granting each application will be issued unless the SEC orders a hearing.

Interested persons may request a hearing on any application by writing to the SEC's Secretary at the address below and serving the relevant applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on June 19, 2018, 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:** The Commission: Secretary, U.S. Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

**FOR FURTHER INFORMATION CONTACT:** Shawn Davis, Branch Chief, at (202) 551-6413 or Chief Counsel's Office at (202) 551-6821; SEC, Division of Investment Management, Chief Counsel's Office, 100 F Street NE, Washington, DC 20549-8010.

**Alpine Equity Trust [File No. 811-05684]**

**Alpine Income Trust [File No. 811-21210]**

**Alpine Series Trust [File No. 811-10405]**

*Summary:* Each applicant seeks an order declaring that it has ceased to be an investment company. Applicants transferred their assets to the Aberdeen Funds and, on May 7, 2018, made final distributions to their shareholders based on net asset value. Aggregate expenses of \$704,589 incurred in connection with the reorganizations were paid by the applicants' investment adviser and the acquiring funds' investment adviser.

*Filing Dates:* The applications were filed on May 11, 2018, and amended on May 23, 2018.

*Applicants' Addresses:* 2500 Westchester Avenue, Suite 215, Purchase, New York 10577.

**Bond Portfolio II [File No. 811-23008]**

*Summary:* Applicant seeks an order declaring that it has ceased to be an investment company. On April 21, 2016, applicant made a liquidating distribution to its shareholders, based

on net asset value. No expenses were incurred in connection with the liquidation.

*Filing Dates:* The application was filed on May 5, 2017, and amended on May 1, 2018.

*Applicant's Address:* Two International Place, Boston, Massachusetts 02110.

**Compass Strategic Investments Fund [File No. 811-09021]**

*Summary:* Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. Applicant has never made a public offering of its securities and does not propose to make a public offering. Applicant will continue to operate in reliance on Section 3(c)(1) or 3(c)(7) of the Act, or another applicable exclusion or exemption.

*Filing Dates:* The application was filed on April 5, 2018, and amended on May 18, 2018.

*Applicant's Address:* MIO Partners, Inc, 245 Park Avenue, 13th Floor, New York, New York 10167.

**Partners Income Fund [File No. 811-06708]**

*Summary:* Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. The applicant has transferred its assets to Compass Special Situations Fund LLC, and, on November 1, 2006, made a final distribution to its shareholders based on net asset value. Expenses of \$42,065 incurred in connection with the reorganization were paid by the acquiring fund.

*Filing Dates:* The application was filed on April 5, 2018, and amended on May 18, 2018.

*Applicant's Address:* MIO Partners, Inc, 245 Park Avenue, 13th Floor, New York, New York 10167.

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

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

[FR Doc. 2018-11729 Filed 5-30-18; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-83321; File No. SR-OCC-2018-007]

### Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of Amendment No. 1 and Order Approving Proposed Rule Change, as Modified by Amendment No. 1, Related to The Options Clearing Corporation's Trade Acceptance and Novation Rules

May 24, 2018.

On March 23, 2018, the Options Clearing Corporation ("OCC") 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> proposed rule change SR-OCC-2018-007. The proposed rule change was published for comment in the **Federal Register** on April 9, 2018.<sup>3</sup> The Commission did not receive any comments on the proposed rule change. On April 19, 2018, OCC filed Amendment No. 1 to the proposed rule change.<sup>4</sup> The Commission is publishing this notice to solicit comment on Amendment No. 1 from interested persons and is approving the proposed rule change, as modified by Amendment No. 1.

#### I. Description of the Proposed Rule Change<sup>5</sup>

OCC proposed to amend OCC's By-Laws ("By-Laws") and Rules to: (1) Clarify the time at which OCC accepts and novates<sup>6</sup> the transactions that it clears; (2) streamline provisions in the By-Laws and Rules related to trade reporting and novation; and (3) delete provisions that apply only to certain dormant products that OCC no longer clears and settles or that are no longer applicable to OCC's current clearing processes.

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

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

<sup>3</sup> Securities Exchange Act Release No. 82984 (April 3, 2018), 83 FR 15181 (April 9, 2018) (SR-OCC-2018-007) ("Notice").

<sup>4</sup> OCC submitted Amendment No. 1 to correct an error in Exhibit 5B of the Notice, which did not accurately reflect the text of existing OCC Rule 2202(c) and erroneously contained proposed changes to that inaccurate text. Amendment No. 1 clarifies that the rule text for existing Rule 2202(c) would remain unchanged and would not be affected by the proposed rule change.

<sup>5</sup> The subsequent description of the proposed rule change is substantially excerpted from OCC's description in the Notice. See Notice, 83 FR 15181-15186.

<sup>6</sup> In this context, novation is the process through which OCC is substituted as the buyer to the seller and the seller to the buyer for each cleared contact.