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 also will be available for inspection and copying at the principal office of FINRA. 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–FINRA–2018–026 and should be submitted on or before August 20, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.\(^\text{36}\)

Eduardo A. Aleman, Assistant Secretary.

[FR Doc. 2018–16166 Filed 7–27–18; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 33168; 812–14853]

OFI Carlyle Private Credit Fund and OC Private Capital, LLC; Notice of Application

July 24, 2018.

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

ACTION: Notice.

Notice of an application under section 6(c) of the Investment Company Act of 1940 (the "Act") for an exemption from sections 18(a)(2), 18(c), and 18(l) of the Act, pursuant to sections 6(c) and 23(c) of the Act, granting an exemption from rule 23c–3 under the Act, and for an order pursuant to section 17(d) of the Act and rule 17d–1 under the Act.

SUMMARY OF APPLICATION: Applicants request an order to permit certain registered closed-end management investment companies to issue multiple classes of shares of beneficial interest ("Shares") and to impose asset-based service and/or distribution fees and early withdrawal charges.

APPLICANTS: OFI Carlyle Private Credit Fund (the "Initial Fund") and OC Private Capital, LLC (the "Adviser").

FILING DATES: The application was filed on December 15, 2017, and amended on March 26, 2018, June 6, 2018, and July 3, 2018.

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 August 17, 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.

ADRESSES: Secretary, U.S. Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090; Applicants, 6803 South Tucson Way, Centennial, Colorado 80112.

FOR FURTHER INFORMATION CONTACT: Kieran G. Brown, Senior Counsel, at (202) 551–6773 or Nadya B. Roytblat, Assistant Director, 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 website by searching for the file number, or an applicant using the Company name box, at http://www.sec.gov/search/search.htm or by calling (202) 551–8090.

Applicants’ Representations

1. The Initial Fund is a Delaware statutory trust that is registered under the Act as a non-diversified, closed-end management investment company. The Initial Fund’s investment objective is to produce current income by opportunistically allocating its assets across a wide range of credit strategies.

2. The Adviser, a Delaware limited liability company, is registered as an investment adviser under the Investment Advisers Act of 1940. The Adviser serves as investment adviser to the Initial Fund.

3. The applicants seek an order to permit the Initial Fund to issue multiple classes of Shares, each having its own fee and expense structure, and to impose asset-based service and/or distribution fees and early withdrawal charges.

4. Applicants request that the order also apply to any other registered closed-end management investment company that conducts a continuous offering of its shares, existing now or in the future, for which the Adviser, its successors, or any entity controlling, controlled by, or under common control with the Adviser, or its successors, acts as investment adviser, and which provides periodic liquidity with respect to its Shares through tender offers conducted in compliance with either rule 23c–3 under the Act or rule 13e–4 under the Securities Exchange Act of 1934 (the “1934 Act”) (each such closed-end investment company, a “Future Fund” and, together with the Initial Fund, each, a “Fund” and collectively, the “Funds”).

5. The Initial Fund currently issues a single class of Shares (the “Initial Class Shares”). The Shares are currently being offered on a continuous basis pursuant to a registration statement under the Securities Act of 1933 at their net asset value per share plus the applicable sales load. The Initial Fund, as a closed-end investment company, does not continuously redeem Shares as does an open-end management investment company. Shares of the Initial Fund are not listed on any securities exchange and do not trade on an over-the-counter system such as NASDAQ. Applicants do not expect that any secondary market will ever develop for the Shares.

6. If the requested relief is granted, the Initial Fund intends to offer multiple classes of Shares, such as the Initial Class Shares and a new Share class (the “New Class Shares”), or any other classes. Because of the different distribution fees, shareholder services fees, and any other class expenses that may be attributable to the different classes, the net income attributable to, and any dividends payable on, each class of Shares may differ from each other from time to time.

7. Applicants state that, from time to time, the Board of a Fund may create additional classes of Shares, or may vary the characteristics described of the Initial Class and New Class Shares, including without limitation, in the following respects: (1) The amount of fees permitted by different distribution plans or different service fee arrangements; (2) voting rights with respect to a distribution plan of a class; (3) different class designations; (4) the impact of any class expenses directly attributable to a particular class of Shares allocated on a class basis as described in the application; (5) differences in any dividends and net asset values per Share resulting from differences in fees under a distribution plan or in class expenses; (6) any early withdrawal charge or other sales load structure; and (7) any exchange or conversion features, as permitted under the Act.

8. Applicants state that, in order to provide some liquidity to shareholders, the Initial Fund is structured as an “interval fund” and makes quarterly offers to repurchase between 5% and 25% of its outstanding Shares at net asset value, pursuant to rule 23c–3 under the Act, unless such offer is suspended or postponed in accordance with regulatory requirements. Any other investment company that intends to rely on the requested relief will provide periodic liquidity to shareholders in accordance with either rule 23c–3 under the Act or rule 13e–4 under the 1934 Act.

9. Applicants represent that any asset-based service and/or distribution fees of a Fund will comply with the provisions of Rule 2341 of the Rules of the Financial Industry Regulatory Authority (“FINRA Rule 2341”) as if that rule applied to the Fund. Applicants also represent that each Fund will disclose in its prospectus the fees, expenses and other characteristics of each class of Shares offered for sale by the prospectus, as is required for open-end, multiple class funds under Form N–1A. As is required for open-end funds, each Fund will disclose its expenses in shareholder reports, and describe any arrangements that result in breakpoints in, or elimination of, sales loads in its prospectus. In addition, applicants will comply with applicable enhanced fee disclosure requirements for fund of funds, including registered funds of hedge funds.

10. Each Fund and its distributor (the “Distributor”) will also comply with any requirements that may be adopted by the Commission or FINRA regarding disclosure at the point of sale and in transaction confirmations about the costs and conflicts of interest arising out of the distribution of open-end investment company shares, and regarding prospectus disclosure of sales loads and revenue sharing arrangements as if those requirements applied to the Fund and the Distributor. Each Fund or the Distributor will contractually require that any other distributor of the Fund’s Shares comply with such requirements in connection with the distribution of Shares of the Fund.

11. Each Fund will allocate all expenses incurred by it among its various classes of Shares based on the net assets of the Fund attributable to each class, except that the net asset value and expenses of each class will reflect distribution fees, service fees, and any other incremental expenses of that class. Expenses of a Fund allocated to a particular class of the Fund’s Shares will be borne on a pro rata basis by each outstanding Share of that class. Applicants state that each Fund will comply with the provisions of rule 18f–3 under the Act as if it were an open-end investment company.

12. Applicants state that the Initial Fund does not intend to offer any exchange privilege or conversion feature, but any such privilege or feature introduced in the future by a Fund will comply with rule 11a–1, rule 11a–3, and rule 18f–3 as if the Fund were an open-end investment company.

13. Applicants state that the Initial Fund does not currently intend to impose an early withdrawal charge. However, in the future a Fund may impose an early withdrawal charge on shares submitted for repurchase that have been held less than a specified period. The Fund may waive the early withdrawal charge for certain categories of shareholders or transactions to be established from time to time. Applicants state that each Fund will apply the early withdrawal charge (and any waivers or scheduled variations of the early withdrawal charge) uniformly to all shareholders in a given class and consistently with the requirements of rule 22d–1 under the Act as if the Fund was an open-end investment company.

14. The Initial Fund, operating as an interval fund pursuant to rule 23c–3 under the Act, does not intend to, but a Fund may, offer its shareholders an exchange feature under which the shareholders of the Fund may, in connection with the Fund’s periodic repurchase offers, exchange their Shares of the Fund for shares of the same class of (i) other registered open-end investment companies or (ii) other registered closed-end investment companies that comply with rule 23c–3 under the Act and continuously offer their shares at net asset value, that are in the Fund’s group of investment companies (collectively, the “Other Funds”). Shares of a Fund operating pursuant to rule 23c–3 that are exchanged for shares of Other Funds will be included as part of the repurchase offer amount for such Fund as specified in rule 23c–3 under the Act. Any exchange option will comply with rule 11a–3 under the Act, as if the Fund were an open-end investment company subject to rule 11a–3. In complying with rule 11a–3 under the Act, each Fund will treat an early withdrawal charge as if it were a contingent deferred sales load.

15. Applicants state that the Initial Fund does not currently intend to impose a repurchase fee, but may do so in the future. If a Fund charges a repurchase fee, Shares of the Fund will be subject to a repurchase fee at a rate of no greater than 2% of the shareholder’s repurchase proceeds if the interval between the date of purchase of the Shares and the valuation date with respect to the repurchase of those Shares is less than one year. Repurchase fees, if charged, will equally apply to all classes of Shares of the Fund, consistent with section 18 of the Act and rule 18f–3 thereunder. To the extent a Fund determines to waive, impose scheduled variations of, or eliminate a repurchase fee, it will do so consistently with the requirements of rule 22d–1 under the Act as if the repurchase fee were a contingent deferred sales load and as if the Fund were a registered open-end investment company and the Fund’s waiver of, scheduled variation in, or elimination of, the repurchase fee will...
apply uniformly to all shareholders of the Fund regardless of class.

Applicants’ Legal Analysis

Multiple Classes of Shares

1. Section 18(a)(2)(A) and (B) makes it unlawful for a registered closed-end investment company to issue a senior security that is a stock unless (a) immediately after such issuance it will have an asset coverage of at least 200% and (b) provision is made to prohibit the declaration of any distribution, upon its common stock, or the purchase of any such common stock, unless in every such case such senior security has at the time of the declaration of any such distribution, or at the time of any such purchase, an asset coverage of at least 200% after deducting the amount of such distribution or purchase price, as the case may be. Applicants state that the creation of multiple classes of shares of the Funds may violate section 18(a)(2) because the Funds may not meet such requirements with respect to a class of shares that may be a senior security.

2. Section 18(c) of the Act provides, in relevant part, that a registered closed-end investment company may not issue or sell any senior security if, immediately thereafter, the company has outstanding more than one class of senior security. Applicants state that the creation of multiple classes of Shares of a Fund may be prohibited by section 18(c), as a class may have priority over another class as to payment of dividends because shareholders of different classes would pay different fees and expenses.

3. Section 18(i) of the Act provides that each share of stock issued by a registered management investment company will be a voting stock and have equal voting rights with every other outstanding voting stock. Applicants state that permitting multiple classes of Shares of a Fund may violate section 18(i) of the Act because each class would be entitled to exclusive voting rights with respect to matters solely related to that class.

4. Section 6(c) 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 the Act, or from any rule or regulation under the Act, if and to the extent 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. Applicants request an exemption under section 6(c) from sections 18(a)(2), 18(c) and 18(i) to permit the Funds to issue multiple classes of Shares.

5. Applicants submit that the proposed allocation of expenses relating to distribution and voting rights among multiple classes is equitable and will not discriminate against any group or class of shareholders. Applicants submit that the proposed arrangements would permit each Fund to facilitate the distribution of its Shares and provide investors with a broader choice of shareholder options. Applicants assert that the proposed closed-end investment company multiple class structure does not raise the concerns underlying section 18 of the Act to any greater degree than open-end investment companies’ multiple class structures that are permitted by rule 18f–3 under the Act. Applicants state that each Fund will comply with the provisions of rule 18f–3 as if it were an open-end investment company.

Early Withdrawal Charges

1. Section 23(c)(c) of the Act provides, in relevant part, that no registered closed-end investment company shall purchase securities of which it is the issuer, except: (a) On a securities exchange or other open market; (b) pursuant to tenders, after reasonable opportunity to submit tenders given to all holders of securities of the class to be purchased; or (c) under other circumstances as the Commission may permit by rules and regulations or orders for the protection of investors.

2. Rule 23c–3 under the Act permits a registered closed-end investment company (an “interval fund”) to make repurchase offers of between five and twenty-five percent of its outstanding shares at net asset value at periodic intervals pursuant to a fundamental policy of the interval fund. Rule 23c–3(b)(1) under the Act permits an interval fund to deduct from repurchase proceeds only a repurchase fee, not to exceed two percent of the proceeds, that is paid to the interval fund and is reasonably intended to compensate the fund for expenses directly related to the repurchase.

3. Section 23(c)(3) provides that the Commission may issue an order that would permit a closed-end investment company to repurchase its shares in circumstances in which the repurchase is made in a manner or on a basis that does not unfairly discriminate against any holders of the class or classes of securities to be purchased.

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

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

Asset-Based Service and/or Distribution 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 permit the Fund to impose asset-based service/ or distribution 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 service
and/or distribution fees.

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
service and/or distribution 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 requested
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 or
replaced, as if those rules applied to
closed-end management investment
companies, and will comply with
FINRA Rule 2341, 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.

Eduardo A. Aleman,
Assistant Secretary.

[FR Doc. 2018–16154 Filed 7–27–18; 8:45 am]
BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE
COMMISSION

[Release No. 34–83690; File No. SR–ICC–
2018–004]

Self-Regulatory Organizations; ICE
Clear Credit LLC; Order Approving
Proposed Rule Change Relating To
Formalization of the ICC Model
Validation Framework

July 24, 2018.

I. Introduction

On May 23, 2018, ICE Clear Credit
LLC (“ICC”) filed with the Securities
and Exchange Commission
(“Commission”), pursuant to Section
19(b)(1) of the Securities Exchange Act
of 1934 (“Act”),1 and Rule 19b–4
thereunder,2 a proposed rule change to
formalize the ICC Model Validation
Framework. The proposed rule change
was published in the Federal Register
on June 12, 2018.3 The Commission has
not received any comments on the
proposed rule change. For the reasons
discussed below, the Commission is
approving the proposed rule change.

II. Description of the Proposed Rule
Change

The proposed rule change would
formalize the ICC Model Validation
Framework (“Framework”), which sets
forth ICC’s model validation
procedures.4 Through the use of these
model validation procedures, ICC
determines the effectiveness of the risk
models underpinning ICC’s risk
management system, considers new
components and enhancements to
existing components of the risk models,
and monitors and validates on an
ongoing basis the risk models. The
Framework also describes the personnel
responsible for, and the governance
process associated with, the successful
operation and maintenance of the model
validation procedures. Specifically, the
Framework designates ICC’s Risk
Oversight Officer (“ROO”) as the
Framework owner and makes the ROO
responsible to the ICC President for the
successful operation and maintenance
of the Framework.5

ICC has a proprietary risk
management system that uses models to
assess the risk of the credit default

[June 6, 2018], 83 FR 27360 (June 12, 2018) (SR–
4 Notice, 83 FR at 27361. Capitalized terms used
herein but not otherwise defined have the meaning
set forth in the Framework and ICE Clear Europe
rulebook, which is available at https://
www.theice.com/clear-europe/regulation#rulebook.
5 Notice, 83 FR at 27361.

swapped-based portfolios that ICC clears.
ICC uses its risk management system to
determine the appropriate Initial
Margin and Guaranty Fund requirements
that offset the risks of the credit default
swapped-based portfolios ICC clears. The
risk management system is composed of
risk model components (“Model
Components”), which employ a
combination of statistical analysis of
credit spread time series and stress test
simulation scenarios to address different
sources of risk. These sources of risk
addressed by the Model Components
constitute the foundation of total Initial
Margin and Guaranty Fund
requirements for the credit default
swapped-based portfolios that ICC clears.6

The Framework considers both new
Model Components and enhancements
to existing Model Components
(collectively, “Model Change”). New
Model Components consider sources of
risk that are not currently included in the
risk management system.7 Enhancements
to existing Model Components improve upon
the methodologies already used by the risk
management system to consider a given
source or sources of risk.8 The
Framework classifies Model Changes as
either Materiality A or Materiality B,
depending on how substantially the
Model Change affects the risk
management system’s assessment of risk
for the related source or sources of risk.9
Materiality A Model Changes substantially affect the risk management
system’s assessment of risk for the
related source or sources of risk.
Materiality B Model Changes do not
substantially affect the risk management
system’s assessment of risk for the
related source or sources of risk. The
Framework requires that the ICC Chief
Risk Officer (“CRO”) and the ROO
review and determine which
enhancements to the risk management
system qualify as Model Changes and
classify Model Changes as Materiality A
or B.10 The Framework requires that the
ICC Risk Committee review the
materiality classifications and provide
feedback as necessary.11 The
Framework also describes the Model
Inventory which is maintained by the
ICC Risk Department and which
contains key information about all
Model Components and Model
Changes.12 The Framework requires that the
ICC ROO review the model

6 Id.
7 Id.
8 Id.
9 Id.
10 Id.
11 Id.
12 Id.