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

Eduardo A. Alemán,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 32998; File No. 812–14842]

Columbia Funds Series Trust, et al.


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

ACTION: Notice.

Notice of an application for an order pursuant to: (a) Section 6(c) of the Investment Company Act of 1940 ("Act") granting an exemption from sections 18(f) and 21(b) of the Act; (b) section 12(d)(1)(J) of the Act granting an exemption from section 12(d)(1) of the Act; (c) sections 6(c) and 17(b) of the Act granting an exemption from sections 17(a)(1), 17(a)(2) and 17(a)(3) of the Act; and (d) section 17(d) of the Act and rule 17d–1 under the Act to permit certain joint arrangements and transactions.

Applicants request an order that would permit certain registered open-end management investment companies to participate in a joint lending and borrowing facility.1

APPLICANTS: Columbia Funds Series Trust, Columbia Funds Series Trust I, Columbia Funds Variable Insurance Trust, Columbia Funds Variable Series Trust II, Columbia ETF Trust I and Columbia ETF Trust II (each a "Trust" and collectively, the "Trusts"), each registered under the Act as open-end management investment companies with one or more series, and Columbia Management Investment Advisers, LLC ("Columbia Management"), registered as an investment adviser under the Investment Advisers Act of 1940.

FILING DATE: The application was filed on November 9, 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 February 26, 2018 and should be accompanied by proof of service on the 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, U.S. Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090; Applicants: c/o Brian D. McCabe, Esq. and Nathan D. Somogie, Esq., Rope & Gray LLP, Prudential Tower, 800 Boylston Street, Boston, MA 02199.

FOR FURTHER INFORMATION CONTACT: Hae-Sung Lee, Attorney-Adviser, at (202) 551–7345 or Robert H. Shapiro, Branch Chief, at (202) 551–6821 (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.

Summary of the Application

1. Applicants request an order that would permit the applicants to participate in an interfund lending facility where each Fund could lend money directly to and borrow money directly from other Funds to cover unanticipated cash shortfalls, such as unanticipated redemptions or trade fails. The Funds will not borrow under the facility for leverage purposes and the loans’ duration will be no more than 7 days.2

2. Applicants anticipate that the proposed facility would provide a borrowing Fund with a source of liquidity at a rate lower than the bank borrowing rate 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 and administrative 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.3

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.4 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 companies that will not participate as borrowers in the interfund lending facility.

5. Any Fund, however, will be able to call a loan on one business day’s notice.

6. Under certain circumstances, a borrowing Fund will be required to pledge collateral to secure the loan.

7. 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.

1 The requested order would supersede an exemptive order issued by the Commission on November 9, 2017.

2 Applicants request that the order apply to the applicants and to any existing or future series of the Trusts and to any other registered open-end or closed-end management investment company or its series for which Columbia Management and each successor thereto or a person controlling, controlled by, or under common control with Columbia Management serves as investment adviser (each such investment adviser may be referred to as an “Adviser” and collectively, the “Advisers”). For purposes of the requested order, “successor” is limited to any entity that results from a reorganization into another jurisdiction or a change in the type of a business organization. The Funds that are closed-end management investment
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.

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SEcurities And EXchange COMMISSION

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Relocate the Consolidated Audit Trail Compliance Rules


Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),1 and Rule 19b–4 thereunder,2 notice is hereby given that on January 29, 2018, The Nasdaq Stock Market LLC ("Nasdaq" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. 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 proposes to relocate the Consolidated Audit Trail Compliance rules ("CAT Rules"), currently under the 6800 Series, Rules 6810 through 6896, to General 7, Sections 1 through 13 of the Rulebook’s shell structure.

The Exchange adopted the CAT Rules to implement a consolidated audit trail in order to capture customer and order event information to comply with the provisions of the National Market System Plan Governing the Consolidated Audit Trail.4 Because the CAT Rules apply across all markets and to all products,5 the Exchange believes it is pertinent that they be located in the General section of the Rulebook’s shell; therefore, the Exchange will amend the shell structure, creating a new “General 7 Consolidated Audit Trail Compliance” title under “General Equity and Options Rules,” and make conforming changes to the “Options Rules” titles; moreover, this proposal is consistent with similar filings concurrently submitted by the Affiliated Exchanges.

The relocation of the CAT Rules is part of the Exchange’s continued effort to promote efficiency and conformity of its processes with those of its Affiliated Exchanges.6 The Exchange believes that the migration of the CAT Rules to their new location will facilitate the use of

6Applicants 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.


The text of the proposed rule change is available on the Exchange’s website at http://nasdaq.cchwallstreet.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 aspects of such statements.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to relocate the CAT Rules, currently under the 6800 Series, Rules 6810 through 6896, to General 7, Sections 1 through 13 of the Rulebook’s shell structure.

The Exchange adopted the CAT Rules to implement a consolidated audit trail in order to capture customer and order event information to comply with the provisions of the National Market System Plan Governing the Consolidated Audit Trail.4 Because the CAT Rules apply across all markets and to all products,5 the Exchange believes it is pertinent that they be located in the General section of the Rulebook’s shell; therefore, the Exchange will amend the shell structure, creating a new “General 7 Consolidated Audit Trail Compliance” title under “General Equity and Options Rules,” and make conforming changes to the “Options Rules” titles; moreover, this proposal is consistent with similar filings concurrently submitted by the Affiliated Exchanges.

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