Exchange under UTP without the
unnecessary requirement to file a 19b–
4(e) with the Commission. The
Commission also notes that because
Phlx is adopting a rule that is
substantially identical to a similar NYSE
National rule, the proposed change does
not present any new or novel issues.
Thus, the Commission believes that
waiver of the 30-day operative delay is
consistent with the protection of
investors and the public interest and
hereby waives the 30-day operative
delay and designates the proposed rule
change to be operative upon filing.14

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 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. Please include File Number SR–
  Phlx–2018–67 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–Phlx–2018–67. 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 the
filing also will 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
Number SR–Phlx–2018–67 and should
be submitted on or before December 4,
2018.

For the Commission, by the Division of
Trading and Markets, pursuant to delegated
authority.15
Eduardo A. Aleman,
Assistant Secretary.
[FR Doc. 2018–24636 Filed 11–9–18; 8:45 am]
BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE
COMMISSION

[Release No. 34–84545; File No. SR–Phlx–
2018–68]

Self-Regulatory Organizations; Nasdaq
PHLX LLC; Notice of Filing and
Immediate Effectiveness of Proposed
Rule Change To Amend the Rule 3400 Series

November 6, 2018.

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 October
25, 2018, Nasdaq PHLX LLC (“Phlx” or
“Exchange”) 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 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 amend the
Rule 3400 Series concerning the Order
Audit Trail System to make conforming
and technical changes.

The text of the proposed rule change
is available on the Exchange’s website at
http://nasdaqphlx.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 is proposing to amend
the Rule 3400 Series concerning the
Order Audit Trail System to: (1)
Renumber the Rule 3400 Series to
conform it to the numbering convention
used by the Nasdaq Stock Market LLC
(“Nasdaq”) and FINRA; (2) amend Rule
7410A to expand two existing
exemptions and to make technical
changes to text under the rule; (3)
incorporate by reference FINRA Rules
7430, 7440 and 7450 in Rules 7430A,
7440A and 7450A, respectively, and
make conforming changes thereto; and
(4) delete Rule 3407.3

The Exchange’s Rule 3400 Series
imposes an obligation on Exchange
members to record in electronic form
and report to FINRA on a daily basis
certain information with respect to
orders originated, received, transmitted,
modified, canceled, or executed by
members in Nasdaq- and Exchange-
listed stocks. FINRA’s Order Audit Trail
System (“OATS”) captures this order
information and integrates it with quote
and transaction information to create a
time-sequenced record of orders, quotes,
and transactions. This information is
used by FINRA staff to conduct
surveillance and investigations of

14 For purposes only of waiving the 30-day
operative delay, the Commission has also
considered the proposed rule’s impact on
efficiency, competition, and capital formation. See


3 The Exchange is filing a request for an
exemption under Section 36 of the Act from the
rule filing requirements of Section 19(b) of the Act
for certain rules included in this proposal, and will
implement the changes proposed herein upon
approval of the exemption request.
members for potential violation of Exchange rules and federal securities laws.

The Exchange adopted the Rule 3400 Series to copy Nasdaq and FINRA OATS rules, where appropriate. As a general principle, the Exchange endeavors to keep its rules that are corresponding to FINRA rules as closely worded and structured as possible to the FINRA rules on which they are based, including FINRA’s OATS rules under the FINRA Rule 7000 Series. In certain instances, the Exchange has not copied a FINRA OATS rule because it is not relevant. For example, the Exchange has not copied FINRA Rule 7410(o)(2), which concerns an exception to the definition of a Reporting Member relating to members operating on equities floors, because the Exchange does not operate an equities floor. Generally, the Exchange also seeks to keep the Rule 3400 Series consistent with Nasdaq’s Rule 7400A Series, the substance of which is identical to the related rules of the Exchange. The proposed changes will harmonize Exchange rules with analogous Nasdaq and FINRA rules, which have changed since the Exchange first adopted its rules.

First Change

The Exchange is proposing to amend Rule 7410A to make several changes to conform it to the rules of Nasdaq. The Exchange renumbered Rule 7410A(k) and Nasdaq Rule 7410A(k).

Second Change

The Exchange is amending Rule 7410A to make several changes to conform it to the rules of Nasdaq. The Exchange is proposing to adopt the same limited exemption from OATS order data recordation requirements for Exchange members that are registered market makers in standardized options on any market. Renumbered Rule 7410A(j) defines the term “Order” as any oral, written, or electronic instruction to effect a transaction in an equity security listed on the Exchange or Nasdaq that is received by a member from another person for handling or execution, or that is originated by a department of a member for execution by the same or another member, other than any such instruction to effect a proprietary transaction originated by a trading desk in the ordinary course of a member’s market making activities in an Exchange-listed equity security. The Exchange is proposing to adopt the limited exemption currently available under Nasdaq’s analogous definition of “Order.”5 Which excludes from the definition a bona fide hedge transaction involving a Nasdaq-listed equity security originated by a trading desk in the ordinary course of the member’s options market making activities.6 As noted by Nasdaq in adopting the exemption, OATS was designed to provide an accurate, time-sequenced record of orders and transactions, beginning with the receipt of an equity order at the first point of contact between the broker-dealer and the customer or counterparty and further documenting the life of the equity order through the process of execution.7 The proposed rule change does not impact the customer orientation of OATS since, by definition, bona fide hedging transactions in equity securities that are undertaken by options market makers do not involve customer orders in those equity securities. Rather, bona fide hedging transactions in equity securities are undertaken by an options market maker to hedge against the firm risk that it creates through its conduct as a registered options market maker. Accordingly, bona fide hedge transactions do not implicate customer protection issues, and requiring reporting of such transactions would not provide a regulatory benefit. It is also very expensive for firms that are not currently FINRA members or that do not currently trade Exchange or Nasdaq equities to develop and maintain the compliance systems and compliance staff required to continuously monitor the daily transmission of OATS data. For these reasons, the Exchange is proposing to adopt such an exemption, available to its options market makers.

The Exchange is proposing to amend Rule 7410A(n) to harmonize the rule with FINRA Rule 7410(o)(1)(A) and Nasdaq Rule 7410A(o)(1)(A). Rule 7410A(n) provides the definition of “Reporting Member Organization,” which means a member organization that receives or originates an order and has an obligation to record and report information under renumbered Rules 7440A and 7450A. The Rule also provides an exception to the general definition if the member organization meets four conditions. The first condition in subparagraph (n)(1), which is the only condition at issue in this proposal, is that currently the member organization engages in a non-discretionary order routing process, pursuant to which it immediately routes, by electronic or other means, all of its orders to a single receiving Reporting Member Organization. On May 12, 2014, FINRA amended FINRA Rule 7410(o)(1)(A) to allow a member to satisfy this condition by permitting a member to alternatively route its orders to two receiving Reporting Members, if two related requirements were met.8 First, the orders must be routed by the member to each receiving Reporting Member on a pre-determined schedule approved by FINRA. Second, the orders must be routed by the member to two receiving Reporting Members pursuant to the schedule for a time period not to exceed one year. FINRA noted in adopting the change that the rule was intended to accommodate introducing firms that transition to a different clearing firm over time and, during the transition, route their orders two different clearing firms, both of which report the introductory information to OATS during the transition time. Nasdaq recently amended its rule to incorporate this change.9 The Exchange believes that this additional limited exception is appropriate for its member organizations, which likewise may encounter a transition to a clearing firm.

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4 The Exchange is not adopting the definition of “NMS Stock” found under Nasdaq Rule 7410A[i]. The term is not used in the Exchange’s OATS rules. In addition, the term is not used in the Nasdaq OATS rules. The term is used in FINRA Rule 7410(k) defining “Order Audit Trail System,” which concerns an exception to the definition of a Reporting Member relating to members operating on equities floors, because the Exchange does not operate an equities floor.


whereby they would no longer be eligible for the exception to the definition of Reporting Member Organization. Accordingly, the Exchange is proposing to adopt the FINRA rule text under renumbered Rule 7410A(o)(1)(B).

Third Change

The Exchange is proposing to incorporate by reference FINRA Rules 7430, 7440 and 7450 in Rules 7430A, 7440A and 7450A, respectively, and make conforming changes thereto. Current Rule 3403 concerns synchronization of Member Organization business clocks and is substantially identical to FINRA Rule 4590(a). Nasdaq Rule 4590A requires Nasdaq members to comply with FINRA Rule 4590 as if such rule were part of Nasdaq’s rules and provides that references to “the FINRA By-Laws or other FINRA rules” shall be construed as references to “the Nasdaq Rules,” for purposes of Nasdaq Rule 4590A. The Exchange is proposing to conform its rule text to that of Nasdaq.

With respect to Rule 7440A, the Exchange is proposing to copy Nasdaq Rule 7440A and incorporate by reference FINRA Rule 7440. Current Rule 3404 is meant to copy FINRA Rule 7440; however, FINRA amended FINRA Rule 7440 subsequent to the Exchange adopting Rule 3404 and the Exchange did not update its rule to reflect these changes. Specifically, FINRA amended Rules 7440(a)(2), (a)(4), (b)(9), and (b)(19), (b)(21), (c)(1)(H), (c)(2)(A)(viii) and (ix), (c)(3)(A)(ix) and (x), (c)(4)(A)(x) and (xi), (c)(5)(A)(x) and (xi), (c)(6)(k) and (l), and (d)(4), which incorporates by reference FINRA Rule 7450 into Nasdaq rules. The Exchange is proposing to adopt the approach followed by FINRA when it adopted the changes, and because adopting these changes will harmonize the Exchange’s rules with those of Nasdaq and FINRA. Last and consistent with Nasdaq Rule 7440A(b), the Exchange is proposing to add new Rule 7440A(c), which provides that references to certain FINRA Rules are to be construed as references to certain Rules of the Exchange. Specifically, Rule 7440A(c)(1) provides that references to Rules FINRA Rules 7420 through 7460 shall be construed as references to Rules 7420A through 7460A. Rule 7440A(c)(2) provides that references to FINRA Rules 5320, 7440, and 7450 shall be construed as references to Rules 765, 7440A, and 7450A, respectively.

Current Rule 3405 concerns order data transmission requirements and is meant to copy FINRA Rule 7450. Unlike Nasdaq, which incorporated by reference FINRA Rule 7450 into Nasdaq Rule 7450A, the Exchange instead adopted actual rule text that copied the requirements of FINRA Rule 7450 under Rule 3405. The Exchange is proposing to adopt the approach followed by Nasdaq by incorporating by reference the FINRA rule. Specifically, the Exchange is incorporating by reference FINRA Rule 7450 into Rule 7450A, amending existing paragraphs (a)–(d) to conform them to Nasdaq’s Rule 7450A(1)–(4) and deleting paragraphs (e) and (f), which are no longer needed since the Exchange is incorporating by reference FINRA Rule 7450. The Exchange notes that FINRA amended FINRA Rule 7450 subsequent to the Exchange adopting Rule 3405; however, the Exchange did not update its rule to reflect these changes. Specifically, FINRA amended Rule 7450(b), which concerns the method and timing of transmitting data and which is covered under Rule 3405(e). The changes made by FINRA provided greater specificity to the timing of certain reports required by the rule. The Exchange believes that the changes to FINRA Rule 7450(b) are appropriate for the reasons described by FINRA when it adopted the changes, and because adopting these changes will harmonize the Exchange’s rules with those of Nasdaq and FINRA. Last, the Exchange notes that renumbered Rule 7450A(b) requires both Proprietary Trading Firms as well as their associated persons to comply with FINRA Rule 7450 in limited circumstances, whereas Nasdaq’s Rule 7450A only requires compliance by Proprietary Trading Firms. The Exchange believes that this is an omission in the Nasdaq rule and is accordingly not adjusting the Exchange rule.

Fourth Change

The Exchange is proposing to delete current Rule 3407, which will be renumbered Rule 7470A and held in reserve. Current Rule 3407 provided an exemption from the order recording and data transmission requirements of current Rules 3404 and 3405, which are OATS rules applicable to manual orders. To qualify for the exemption, a member must have met the following criteria: (1) The member and current control affiliates and associated persons of the member have not been subject within the last five years to any final disciplinary action, and within the last ten years to any disciplinary action involving fraud; (2) the member has annual revenues of less than $2 million; (3) the member does not conduct any market making activities in equity securities listed on the Exchange; (4) the member does not execute principal transactions with its customers (with a limited exception for principal transactions executed pursuant to error corrections); and (5) the member does not conduct clearing or carrying activities for other firms. The exemption was limited to a maximum time of two years although a member was able to request an additional exemption prior to the expiration of a grant of existing exemptive relief. The exemptive authority provided by the rule permitted the Exchange to grant relief to members that meet certain criteria in situations

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10 The Exchange is proposing to add text to Rules 7440A and 7450A, which notes that Exchange and FINRA are parties to the FINRA Regulatory Contract pursuant to which FINRA has agreed to perform certain functions on behalf of the Exchange, and also notes that members are complying with Rules 7440A and 7450A by complying with FINRA Rules 7440 and 7450, respectively. Nasdaq places the same text under Nasdaq Rules 7440A(a) and 7450A(a), respectively.

11 The Exchange is not including text from Nasdaq Rule 7440A(a) and 7450A(a), which notes that members are complying with these rules by complying with the related FINRA rules, in Rules 7440A(a) and 7450A(a). The Exchange believes these sentences are duplicative of the first sentence of Rules 7440A(a) and 7450A(a).


19 Id.

20 Id.

21 Id.

22 Id.

23 Id.


25 The Exchange notes that Nasdaq Rules 7440A(b)(1) and (2) do not state that certain rules referenced under Nasdaq Rule 7440A are FINRA rules. The Exchange is making it clear under Rules 7440A(c)(1) and (2) that the rules referenced under Rule 7440A are FINRA rules.

26 See note 16, supra.
where, for example, the reporting of order information would be unduly burdensome for the member or where temporary relief from the OATS Rules, in the form of additional time to achieve compliance, would permit the members to avoid unnecessary expense or hardship. The exemption has not been requested by any Exchange member to date and the Exchange does not believe that Exchange members are likely to need the exemption, since the vast majority of such members to which the rule applies are electronic proprietary trading firms that would not qualify for the exemption. Moreover, Nasdaq does not have an analogous rule, having eliminated similar text recently for the same reasons. Thus, the Exchange is proposing to eliminate the rule text under Rule 3407 from its rule book, renumber the rule to Rule 7470A, and hold the rule in reserve.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act, in general, and further the objectives of Section 6(b)(5) of the Act, in particular, that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest, by harmonizing the Exchange’s OATS rules with those of FINRA, on which they are based, and with those of Nasdaq, which they should largely match. Consequently, the proposed change will conform Exchange Rules to changes made to corresponding FINRA and Nasdaq rules, thus promoting consistent regulatory standards with respect to rules that FINRA enforces pursuant to its Regulatory Services Agreements with the Exchange and Nasdaq. With respect to the proposed amendment to Rule 7410A(n)(1), the exemption will provide Exchange members with the same flexibility to transition to a new clearing firm that both Nasdaq and FINRA members currently enjoy. The rule is intended to accommodate introducing firms that transition to a different clearing firm over time and, during the transition, route their orders to two clearing firms that transition to a different clearing firm over time and, during the transition, route their orders to two clearing firms over time and, during the transition, route their orders to two clearing firms over time and, during the transition, route their orders to two clearing firms over time and, during the transition, route their orders to two clearing firms over time and, during the transition, route their orders to two clearing firms over time and, during the transition, route their orders to two clearing firms over time and, during the transition, route their orders to two clearing firms over time and, during the transition, route their orders to two clearing firms over time and, during the transition, route their orders to two clearing firms. The Exchange believes that adopting the new limited exception to the definition of “Order” is consistent with the Act because it provides a very narrow exemption from reporting transactions that are done to manage risk and facilitate options market making, bona fide hedging transactions in equity securities that are undertaken by options market makers do not involve customer orders in those equity securities and thus do not affect customer protection issues. Moreover, information regarding bona fide hedging transactions retained by a registered Phlx Options Market market maker is otherwise available to FINRA and Phlx Regulation through the Exchange’s electronic delivery systems, upon request. This information includes trade reporting data, including order time and sales data captured by the Exchange system.

With respect to the proposed technical corrections to the rules, the Exchange believes that these changes are consistent with the Act because they will prevent investor confusion that may be caused by including in the Rules incorrect rule citations, defunct rule text and expired exemptions.

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 proposed rule change aligns the Exchange’s rules with those of Nasdaq and FINRA, which will assist FINRA in its oversight work done pursuant to a regulatory services agreement. The proposed changes also provide uniform standards with which market participants must comply. Consequently, the Exchange does not believe that the proposed changes implicate competition at all.

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

No written comments were either solicited or received.

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act and subparagraph (f)(6) of Rule 19b–4 thereunder.

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. Please include File Number SR-Phlx-2018-68 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-Phlx-2018-68. 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 the filing also will 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 Number SR–Phlx–2018–68, and should be submitted on or before December 4, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.31

Eduardo A. Aleman, Assistant Secretary.

[FR Doc. 2018–24638 Filed 11–9–18; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 33289; File No. 812–14855]

Stellus Capital Investment Corporation, et al.

November 6, 2018.

AGENCY: Securities and Exchange Commission (“Commission”).

ACTION: Notice.

Notice of application for an order ("Order") under sections 17(d) and 57(i) of the Investment Company Act of 1940 (the "Act") and rule 17d–1 under the Act to permit certain joint transactions (the "Order") under sections 17(d) and 57(i) of the Act and rule 17d–1 under the Act, and (c) that intends to participate in the Co-Investment Transactions with each other. "Co-Investment Transaction" means any transaction in which one or more Regulated Funds (or its Wholly-Owned Investment Sub, defined below) participated together with one or more Affiliated Funds and/or one or more other Regulated Funds in reliance on the Order. “Potential Co-Investment Transaction” means any investment opportunity in which a Regulated Fund (or its Wholly-Owned Investment Sub) could not participate together with one or more Affiliated Funds and/or one or more other Regulated Funds without obtaining and relying on the Order.4

Applicants

2. The Company is a closed-end management investment company incorporated in Maryland that has elected to be regulated as a BDC under the Act.5 The Company’s Board currently consists of seven members, of


FILING DATES: The application was filed on December 19, 2017 and amended on September 17, 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 Commissioner’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 December 3, 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: Secretary, U.S. Securities and Exchange Commission, 100 F St. NE, Washington, DC 20549–1090. Applicants: 4400 Post Oak Parkway, Suite 2200, Houston, TX 77027.

FOR FURTHER INFORMATION CONTACT: Barbara T. Heussler, Senior Counsel, at (202) 551–6990, or Andrea Ottomannelli Magovern, Branch Chief, at (202) 551–6821 (Chief Counsel’s Office, Division of Investment Management).

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 for an applicant using the Company name box, at http://www.sec.gov/search/search.htm or by calling (202) 551–8090.

Introduction

1. The Applicants request an Order of the Commission under sections 17(d) and 57(i) of the Act and rule 17d–1 under the Act to permit, subject to the terms and conditions set forth in the application (the "Conditions"), a Regulated Fund and one or more other Regulated Funds and/or one or more Affiliated Funds to enter into Co-Investment Transactions with each other. "Co-Investment Transaction" means any transaction in which one or more Regulated Funds (or its Wholly-Owned Investment Sub, defined below) participated together with one or more Affiliated Funds and/or one or more other Regulated Funds without obtaining and relying on the Order.

2. "Regulated Fund" means the Company and any Future Regulated Fund. "Future Regulated Fund" means a closed-end management investment company (a) that is registered under the Act or has elected to be regulated as a business development company (“BDC”) and (b) whose investment adviser is an Adviser. “Adviser” means SCM together with any future investment adviser that (i) controls, is controlled by or is under common control with SCM, (ii) is registered as an investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”), and (iii) is not a Regulated Fund or a subsidiary of a Regulated Fund.

3. "Affiliated Fund" means any Existing Affiliated Fund, any Future Affiliated Fund or any Stellus Proprietary Account. “Future Affiliated Fund” means any entity (a) whose investment adviser is an Adviser, (b) that would be an investment company but for section 3(c)(1), 3(c)(5)(C) or 3(c)(7) of the Act, and (c) that intends to participate in the program of co-investments described in the application. “Stellus Proprietary Account” means any direct or indirect, wholly- or majority-owned subsidiary of SCM that is formed in the future that, from time to time, may hold various financial assets in a principal capacity.

4. All existing entities that currently intend to rely on the Order have been named as Applicants and any existing or future entities that may rely on the Order in the future will comply with the terms and Conditions set forth in the application.

5. Section 2(a)(48) defines a BDC to be any closed-end investment company that operates for the purpose of making investments in securities described in section 55(a)(1) through 55(a)(3) and makes available significant managerial assistance with respect to the issuers of such securities.

6. “Board” means the board of directors (or the equivalent) of the applicable Regulated Fund.