

U.S.C. 6622 to direct the National Science and Technology Council (NSTC) to develop and update, in coordination with the National Economic Council, a strategic plan to improve government coordination and provide long-term guidance for Federal programs and activities in support of United States manufacturing competitiveness, including advanced manufacturing research and development (R&D). Pursuant to this requirement, NSTC seeks to develop a National Strategic Plan for Advanced Manufacturing ("Plan") that will create jobs, grow the economy across multiple industrial sectors, strengthen national security, and improve healthcare.

Advanced manufacturing refers to a family of activities relating to the use and coordination of information, automation, computation, software, sensing, networking, and interoperability to manufacture existing products in new ways, or to manufacture new products emerging from the use of new technologies.

NSTC has commenced the development of the Plan and, pursuant to 42 U.S.C. 6622, is soliciting public input through this RFI to obtain recommendations from a wide range of stakeholders, including representatives from diverse manufacturing companies, academia, and other relevant organizations and institutions. The public input provided in response to this RFI will inform OSTP and NSTC as they work with Federal agencies and other stakeholders to develop the Plan.

### Questions To Inform Development of the Plan

Through this RFI, OSTP seeks responses to the following questions to improve government coordination and provide long-term guidance for Federal programs and activities in support of United States manufacturing competitiveness, including advanced manufacturing R&D. Responses should clearly indicate which question(s) is being addressed.

1. In priority order, what should be the near-term and long-term objectives for advanced manufacturing, including R&D objectives, the anticipated time frame for achieving the objectives, and the metrics for use in assessing progress toward the objectives?

2. How can Federal agencies and federally funded R&D centers supporting advanced manufacturing R&D foster the transfer of R&D results into new manufacturing technologies and United States-based manufacturing of new products and processes for the benefit of society to ensure national, energy, and economic security? What

role can public-private partnerships play, and how should they be structured for maximum impact?

3. What innovative tools, platforms, technologies are needed for advances in manufacturing? Of those that already exist, what are the barriers to their adoption?

4. How can such Federal agencies and centers develop and strengthen all levels of manufacturing education and training programs to ensure an adequate, well-trained U.S. workforce for the new advanced manufacturing jobs of the future?

5. How can such Federal agencies and centers assist small and medium-sized manufacturers in developing and implementing new products and processes?

6. How would you assess the state of the following factors and how they impact innovation and competitiveness for United States advanced manufacturing?

(a) technology transfer and commercialization activities;

(b) the adequacy of the national security industrial base;

(c) the capabilities of the domestic manufacturing workforce;

(d) export opportunities and trade policies;

(e) financing, investment, and taxation policies and practices;

(f) federal regulations;

(g) emerging technologies and markets;

(h) advanced manufacturing research and development undertaken by competing nations; and

(i) the capabilities of the manufacturing workforce of competing nations.

7. Is there any additional information related to advanced manufacturing in the United States, not requested above, that you believe OSTP should consider?

Dated: January 30, 2018.

**Ted Wackler,**

*Deputy Chief of Staff and Assistant Director.*

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**BILLING CODE 3270-F8-P**

### SECURITIES AND EXCHANGE COMMISSION

**[Investment Advisers Act Release No. 4850; File No. 803-00243]**

### Janney Montgomery Scott LLC; Notice of Application

January 30, 2018.

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

**ACTION:** Notice of application for an exemptive order under section 206A of

the Investment Advisers Act of 1940 ("Advisers Act") providing an exemption from the written disclosure and consent requirements of section 206(3).

**APPLICANT:** Janney Montgomery Scott LLC ("Applicant").

#### RELEVANT ADVISERS ACT SECTIONS:

Exemption requested under section 206A from the written disclosure and consent requirements of section 206(3).

#### SUMMARY OF APPLICATION:

The Applicant requests that the Commission issue an order under section 206A exempting it and Future Advisers (as defined below) from the written disclosure and consent requirements of section 206(3) with respect to principal transactions with nondiscretionary advisory client accounts.

**FILING DATES:** The application was filed on November 22, 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 the Applicant 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 Applicant, in the form of an affidavit or, for lawyers, a certificate of service. Pursuant to rule 0-5 under the Advisers 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. Applicant, c/o Laura E. Flores and Monica L. Parry, Morgan, Lewis & Bockius LLP, 1111 Pennsylvania Ave. NW, Washington, DC 20004.

#### FOR FURTHER INFORMATION CONTACT:

Laura L. Solomon, Senior Counsel, at (202) 551-6915, or Robert 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 at <http://www.sec.gov/rules/ia/releases.shtml> or by calling (202) 551-8090.

The Applicant seeks relief from the written disclosure and consent

requirements of section 206(3) of the Advisers Act that would be similar to relief provided by Advisers Act rule 206(3)-3T (the "Rule"), which expired by its terms on December 31, 2016. The relief sought by the Applicant, if granted, would be subject to conditions similar to those under the Rule, as well as certain revised or additional conditions.

### Applicant's Representations

1. The Applicant is registered as an investment adviser with the Commission and is a registered broker-dealer. The Applicant offers the Partners Advisory Program (the "Program"), a nondiscretionary advisory program.

2. The Applicant established the Program in 1999. Prior to December 31, 2016, the Applicant relied on the Rule to engage in principal transactions with its clients in the Program.

3. As of December 31, 2016, the Applicant had a total of 23,428 client accounts enrolled in the Program with aggregate assets of \$7,318,704,000. On the same date, 1,491 client accounts had consented to principal transactions in their Program accounts in reliance on the Rule. In 2016, 4,527 trades were effected in reliance on the Rule in the Program. Approximately 90 percent of the trades done in reliance on the Rule in this period were purchases by client accounts; the average purchase was approximately \$29,228. Approximately 10 percent of the trades done in reliance on the Rule in this period were sales from client accounts; the average sale was approximately \$30,011.

4. The Applicant acknowledges that the Order, if granted, would not be construed as relieving in any way the Applicant from acting in the best interests of an advisory client, including fulfilling the duty to seek the best execution for the particular transaction for the advisory client; nor shall it relieve the Applicant from any obligation that may be imposed by sections 206(1) or (2) of the Advisers Act or by other applicable provisions of the federal securities laws or applicable Financial Industry Regulatory Authority ("FINRA") rules.

### Applicant's Legal Analysis

1. Section 206(3) provides that it is unlawful for any investment adviser, directly or indirectly, acting as principal for its own account, knowingly to sell any security to or purchase any security from a client, without disclosing to the client in writing before the completion of the transaction the capacity in which the adviser is acting and obtaining the client's consent to the transaction. The Rule deemed an investment adviser to

be in compliance with the provisions of section 206(3) of the Advisers Act when the investment adviser, or a person controlling, controlled by, or under common control with the investment adviser, acting as principal for its own account, sold to or purchased from an advisory client any security, provided that the investment adviser complied with the conditions of the Rule.

2. The Rule required, among other things, that the investment adviser obtain a client's written, revocable consent prospectively authorizing the adviser, directly or indirectly, acting as principal for its own account, to sell any security to or purchase any security from the client. The consent was required to be obtained after the adviser provided the client with written disclosure about: (i) The circumstances under which the investment adviser may engage in principal transactions with the client; (ii) the nature and significance of the conflicts the investment adviser has with its client's interests as a result of those transactions; and (iii) how the investment adviser addresses those conflicts. The investment adviser also was required to provide trade-by-trade disclosure to the client, before the execution of each principal transaction, of the capacity in which the adviser may act with respect to the transaction, and obtain the client's consent (which may be written or oral) to the transaction. The Rule was available only to an investment adviser that was also a broker-dealer registered under section 15 of the Securities Exchange Act of 1934 ("Exchange Act") and could only be relied upon with respect to a nondiscretionary account that was a brokerage account subject to the Exchange Act, and the rules thereunder, and the rules of the self-regulatory organization(s) of which it is a member. The Rule was not available for principal transactions if the investment adviser or a person who controlled, was controlled by, or was under common control with the adviser ("control person") was the issuer or an underwriter of the security (except that an investment adviser could rely on the Rule for trades in which the investment adviser or a control person was an underwriter of non-convertible investment-grade debt securities).

3. The Rule also required the investment adviser to provide to the client a trade confirmation that, in addition to the requirements of rule 10b-10 under the Exchange Act, included a conspicuous, plain English statement informing the client that the investment adviser disclosed to the client before the execution of the transaction that the investment adviser

may act as principal in connection with the transaction, that the client authorized the transaction, and that the investment adviser sold the security to or bought the security from the client for its own account. The investment adviser also was required to deliver to the client, at least annually, a written statement listing all transactions that were executed in the account in reliance on the Rule, including the date and price of each transaction.

4. The Rule expired on December 31, 2016. Absent the requested relief, the Applicant would be required to provide trade-by-trade written disclosure to each nondiscretionary advisory client with whom the Applicant sought to engage in a principal transaction in accordance with section 206(3). The Applicant submits that its nondiscretionary clients have had access to the Applicant's inventory through principal transactions with the Applicant for a number of years, and expect to continue to have such access in the future. The Applicant believes that engaging in principal transactions with its clients provides certain benefits to its clients, including access to securities of limited availability, such as municipal bonds, and that the written disclosure and client consent requirements of section 206(3) act as an operational barrier to its ability to engage in principal trades with its clients, especially when the transaction involves securities of limited availability.

5. Unless the Applicant is provided an exemption from the written disclosure and client consent requirements of section 206(3), the Applicant believes that it will be unable to provide the same range of services and access to the same types of securities to its nondiscretionary advisory clients as it was able to provide to its clients under the Rule.

6. The Applicant notes that, if the requested relief is granted, it will remain subject to the fiduciary duties that are generally enforceable under sections 206(1) and 206(2) of the Advisers Act, which, in general terms, require the Applicant to: (i) Disclose material facts about the advisory relationship to its clients; (ii) treat each client fairly; and (iii) act only in the best interests of its client, disclosing conflicts of interest when present and obtaining client consent to arrangements that present such conflicts.

7. The Applicant further notes that, in its capacity as a broker-dealer with respect to these accounts, it will remain subject to a comprehensive set of Commission and FINRA regulations that apply to the relationship between a broker-dealer and its customer in

addition to the fiduciary duties an adviser owes a client. These rules require, among other things, that the Applicant deal fairly with its customers, seek to obtain best execution of customer orders, and make only suitable recommendations. These obligations are designed to promote business conduct that protects customers from abusive practices that may not necessarily be fraudulent, and to protect against unfair prices and excessive commissions. Specifically, these provisions, among other things, require that the prices charged by the Applicant be reasonably related to the prevailing market, and limit the commissions and mark-ups the Applicant can charge. Additionally, these obligations require that the Applicant have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer, based on information obtained through reasonable diligence.

8. The Applicant requests that the Commission issue an Order pursuant to section 206A exempting it from the written disclosure and consent requirements of section 206(3) only with respect to client accounts in the Program and any similar nondiscretionary program to be created in the future. The Applicant also requests that the Commission's Order apply to future investment advisers controlling, controlled by, or under common control with the Applicant ("Future Advisers"). Any Future Adviser relying on any Order granted pursuant to the application will comply with the terms and conditions stated in the application.<sup>1</sup>

#### Applicant's Conditions

The Applicant agrees that any Order granting the requested relief will be subject to the following conditions:

1. The Applicant will exercise no "investment discretion" (as such term is defined in section 3(a)(35) of the Exchange Act), except investment discretion granted by the advisory client on a temporary or limited basis,<sup>2</sup> with respect to the client's account.

<sup>1</sup> All entities that currently intend to rely on any order granted pursuant to the application are named as Applicants.

<sup>2</sup> Discretion is considered to be temporary or limited for purposes of this condition when the investment adviser is given discretion: (i) As to the price at which or the time to execute an order given by a client for the purchase or sale of a definite amount or quantity of a specified security; (ii) on an isolated or infrequent basis, to purchase or sell a security or type of security when a client is unavailable for a limited period of time not to exceed a few months; (iii) as to cash management, such as to exchange a position in a money market fund for another money market fund or cash equivalent; (iv) to purchase or sell securities to

2. The Applicant will not trade in reliance on this Order any security for which the Applicant or any person controlling, controlled by, or under common control with the Applicant is the issuer, or, at the time of the sale, an underwriter (as defined in section 202(a)(20) of the Advisers Act).

3. The Applicant will not directly or indirectly require the client to consent to principal trading as a condition to opening or maintaining an account with the Applicant.

4. The advisory client has executed a written revocable consent prospectively authorizing the Applicant directly or indirectly to act as principal for its own account in selling any security to or purchasing any security from the advisory client. The advisory client's written consent must be obtained through a signature or other positive manifestation of consent that is separate from or in addition to the signature indicating the client's consent to the advisory agreement. The separate or additional signature line or alternative means of expressing consent must be preceded immediately by prominent, plain English disclosure containing either: (a) An explanation of: (i) The circumstances under which the Applicant directly or indirectly may engage in principal transactions; (ii) the nature and significance of conflicts with its client's interests as a result of the transactions; and (iii) how the Applicant addresses those conflicts; or (b) a statement explaining that the client is consenting to principal transactions, followed by a cross-reference to a specific document provided to the client containing the disclosure in (a)(i)-(iii) above and to the specific page or pages on which such disclosure is located; provided, however, that if the Applicant requires time to modify its electronic systems to provide the specific page cross-reference required by clause (b), the Applicant may, while updating such electronic systems, and for no more than 90 days from the date of the Order, instead provide a cross-reference to a specific document provided to the client containing the disclosure in (a)(i)-(iii) above and to the specific section in such document in which such disclosure is located.

*Transition provision:* To the extent that the Applicant obtained fully

satisfy margin requirements; (v) to sell specific bonds and purchase similar bonds in order to permit a client to take a tax loss on the original position; (vi) to purchase a bond with a specified credit rating and maturity; and (vii) to purchase or sell a security or type of security limited by specific parameters established by the client. *See, e.g., Temporary Rule Regarding Principal Trades with Certain Advisory Clients*, Investment Advisers Act Release No. 2653 (Sept. 24, 2007) at n. 31.

informed written revocable consent from an advisory client for purposes of rule 206(3)-3T(a)(3) prior to January 1, 2017, the Applicant may rely on this Order with respect to such client without obtaining additional prospective consent from such client.

5. The Applicant, prior to the execution of each transaction in reliance on this Order, will: (a) Inform the advisory client, orally or in writing, of the capacity in which it may act with respect to such transaction; and (b) obtain consent from the advisory client, orally or in writing, to act as principal for its own account with respect to such transaction.

6. The Applicant will send a written confirmation at or before completion of each such transaction that includes, in addition to the information required by rule 10b-10 under the Exchange Act, a conspicuous, plain English statement informing the advisory client that the Applicant: (a) Disclosed to the client prior to the execution of the transaction that the Applicant may be acting in a principal capacity in connection with the transaction and the client authorized the transaction; and (b) sold the security to, or bought the security from, the client for its own account.

7. The Applicant will send to the client, no less frequently than annually, written disclosure containing a list of all transactions that were executed in the client's account in reliance upon this Order, and the date and price of each such transaction.

8. The Applicant is a broker-dealer registered under section 15 of the Exchange Act and each account for which the Applicant relies on this Order is a brokerage account subject to the Exchange Act, and the rules thereunder, and the rules of the self-regulatory organization(s) of which it is a member.

9. Each written disclosure required as a condition to this Order will include a conspicuous, plain English statement that the client may revoke the written consent referred to in Condition 4 above without penalty at any time by written notice to the Applicant in accordance with reasonable procedures established by the Applicant, but in all cases such revocation must be given effect within 5 business days of the Applicant's receipt thereof.

10. The Applicant will maintain records sufficient to enable verification of compliance with the conditions of this Order. Such records will include, *without limitation*: (a) Documentation sufficient to demonstrate compliance with each disclosure and consent requirement under this Order; (b) in particular, documentation sufficient to demonstrate that, prior to the execution

of each transaction in reliance on this Order, the Applicant informed the relevant advisory client of the capacity in which the Applicant may act with respect to the transaction and that it received the advisory client's consent (if the Applicant informs the client orally of the capacity in which it may act with respect to such transaction or obtains oral consent, such records may, for example, include recordings of telephone conversations or contemporaneous written notations); and (c) documentation sufficient to enable assessment of compliance by the Applicant with sections 206(1) and (2) of the Advisers Act in connection with its reliance on this Order.<sup>3</sup> In each case, such records will be maintained and preserved in an easily accessible place for a period of not less than five years, the first two years in an appropriate office of the Applicant, and be available for inspection by the staff of the Commission.

11. The Applicant will adopt written compliance policies and procedures reasonably designed to ensure, and the Applicant's chief compliance officer will monitor, the Applicant's compliance with the conditions of this Order. The Applicant's chief compliance officer will, on at least a quarterly basis, conduct testing reasonably sufficient to verify such compliance. Such written policies and procedures, monitoring and testing will address, *without limitation*: (a) Compliance by the Applicant with its disclosure and consent requirements under this Order; (b) the integrity and operation of electronic systems employed by the Applicant in connection with its reliance on this Order; (c) compliance by the Applicant with its recordkeeping obligations under this Order; and (d) whether there is any evidence of the Applicant engaging in "dumping" in connection with its reliance on this Order.<sup>4</sup> The Applicant's chief compliance officer will document the frequency and results of such monitoring and testing, and the Applicant will maintain and preserve

<sup>3</sup> For example, under sections 206(1) and (2), an investment adviser may not engage in any transaction on a principal basis with a client that is not consistent with the best interests of the client or that subrogates the client's interests to the interests of the investment adviser. Cf. Investment Advisers Act Release No. 2106 (Jan. 31, 2003) (adopting Rule 206(4)-6).

<sup>4</sup> See Report of the Securities and Exchange Commission, Investment Trusts and Investment Companies, H.R. Doc. No. 279, 76th Cong., 2d Sess., pt. 3, at 2581, 2589 (1939); Hearings on S. 3580 Before a Subcommittee of the Commission on Banking and Currency, 76th Cong., 3d Sess. 209, 212-23 (1940); Hearings on S. 3580 Before the Subcomm. of the Comm. on Banking and Currency, 76th Cong., 3d Sess. 322 (1940).

such documentation in an easily accessible place for a period of not less than five years, the first two years in an appropriate office of the Applicant, and be available for inspection by the staff of the Commission.

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

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

[FR Doc. 2018-02168 Filed 2-2-18; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 32999; 812-14859]

### Gadsden ETF Trust and Gadsden, LLC

January 30, 2018.

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

**ACTION:** Notice.

Notice of an application for an order under section 6(c) of the Investment Company Act of 1940 (the "Act") for an exemption from sections 2(a)(32), 5(a)(1), 22(d), and 22(e) of the Act and rule 22c-1 under the Act, under sections 6(c) and 17(b) of the Act for an exemption from sections 17(a)(1) and 17(a)(2) of the Act, and under section 12(d)(1)(J) for an exemption from sections 12(d)(1)(A) and 12(d)(1)(B) of the Act. The requested order would permit (a) actively-managed series of certain open-end management investment companies ("Funds") to issue shares redeemable in large aggregations only ("Creation Units"); (b) secondary market transactions in Fund shares to occur at negotiated market prices rather than at net asset value ("NAV"); (c) certain Funds to pay redemption proceeds, under certain circumstances, more than seven days after the tender of shares for redemption; (d) certain affiliated persons of a Fund to deposit securities into, and receive securities from, the Fund in connection with the purchase and redemption of Creation Units; (e) certain registered management investment companies and unit investment trusts outside of the same group of investment companies as the Funds ("Funds of Funds") to acquire shares of the Funds; and (f) certain Funds ("Feeder Funds") to create and redeem Creation Units in-kind in a master-feeder structure.

**APPLICANTS:** Gadsden ETF Trust ("Trust"), a Delaware statutory trust that will be registered under the Act as an

open-end management investment company with multiple series, and Gadsden, LLC ("Initial Adviser"), a Delaware limited liability company that will be registered as an investment adviser under the Investment Advisers Act of 1940.

**FILING DATES:** The application was filed on December 26, 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 23, 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, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090; Applicants: Eight Tower Bridge, 161 Washington Street, Suite 580, Conshohocken, PA 19428.

**FOR FURTHER INFORMATION CONTACT:** Bruce R. MacNeil, Senior Counsel, at (202) 551-6817, or David J. Marcinkus, 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 for 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 allow Funds to operate as actively-managed exchange traded funds ("ETFs").<sup>1</sup> Fund shares will be

<sup>1</sup> Applicants request that the order apply to the Initial Fund, as well as to future series of the Trust, and any other open-end management investment companies or series thereof (each, included in the term "Fund"), each of which will operate as an actively-managed ETF. Any Fund will (a) be advised by the Initial Adviser or an entity controlling, controlled by, or under common control with the Initial Adviser (each, an