

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 LTSE and on its internet website at <https://longtermstockexchange.com/>.

All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-LTSE-2020-10 and should be submitted on or before July 30, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>18</sup>

**J. Matthew DeLesDernier,**  
Assistant Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-505, OMB Control No. 3235-0562]

### Submission for OMB Review; Comment Request

*Upon Written Request, Copies Available From:* Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549-2736

*Extension:*  
Rule 17d-1

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget ("OMB") a request for extension of the previously approved collection of information discussed below.

Section 17(d) (15 U.S.C. 80a-17(d)) of the Investment Company Act of 1940 (15 U.S.C. 80a *et seq.*) (the "Act") prohibits first- and second-tier affiliates of a fund, the fund's principal underwriters, and affiliated persons of

the fund's principal underwriters, acting as principal, to effect any transaction in which the fund or a company controlled by the fund is a joint or a joint and several participant in contravention of the Commission's rules. Rule 17d-1 (17 CFR 270.17d-1) prohibits an affiliated person or principal underwriter for any fund (a "first-tier affiliate"), or any affiliated person of such person or underwriter (a "second-tier affiliate"), acting as principal, from participating in or effecting any transaction in connection with a joint enterprise or other joint arrangement in which the fund is a participant, unless prior to entering into the enterprise or arrangement "an application regarding [the transaction] has been filed with the Commission and has been granted by an order." In reviewing the proposed affiliated transaction, the rule provides that the Commission will consider whether the proposal is (i) consistent with the provisions, policies, and purposes of the Act, and (ii) on a basis different from or less advantageous than that of other participants in determining whether to grant an exemptive application for a proposed joint enterprise, joint arrangement, or profit-sharing plan.

Rule 17d-1 also contains a number of exceptions to the requirement that a fund must obtain Commission approval prior to entering into joint transactions or arrangements with affiliates. For example, funds do not have to obtain Commission approval for certain employee compensation plans, certain tax-deferred employee benefit plans, certain transactions involving small business investment companies, the receipt of securities or cash by certain affiliates pursuant to a plan of reorganization, certain arrangements regarding liability insurance policies and transactions with "portfolio affiliates" (companies that are affiliated with the fund solely as a result of the fund (or an affiliated fund) controlling them or owning more than five percent of their voting securities) so long as certain other affiliated persons of the fund (*e.g.*, the fund's adviser, persons controlling the fund, and persons under common control with the fund) are not parties to the transaction and do not have a "financial interest" in a party to the transaction. The rule excludes from the definition of "financial interest" any interest that the fund's board of directors (including a majority of the directors who are not interested persons of the fund) finds to be not material, as long as the board records the basis for its finding in their meeting minutes.

Thus, the rule contains two filing and recordkeeping requirements that

constitute collections of information. First, rule 17d-1 requires funds that wish to engage in a joint transaction or arrangement with affiliates to meet the procedural requirements for obtaining exemptive relief from the rule's prohibition on joint transactions or arrangements involving first- or second-tier affiliates. Second, rule 17d-1 permits a portfolio affiliate to enter into a joint transaction or arrangement with the fund if a prohibited participant has a financial interest that the fund's board determines is not material and records the basis for this finding in their meeting minutes. These requirements of rule 17d-1 are designed to prevent fund insiders from managing funds for their own benefit, rather than for the benefit of the funds' shareholders.

Based on an analysis of past filings, Commission staff estimates that 23 funds file applications under section 17(d) and rule 17d-1 per year. The staff understands that funds that file an application generally obtain assistance from outside counsel to prepare the application. The cost burden of using outside counsel is discussed below. The Commission staff estimates that each applicant will spend an average of 154 hours to comply with the Commission's applications process. The Commission staff therefore estimates the annual burden hours per year for all funds under rule 17d-1's application process to be 3,542 hours at a cost of \$1,528,120.<sup>1</sup> The Commission, therefore, requests authorization to increase the inventory of total burden hours per year for all funds under rule 17d-1 from the current authorized burden of 2,772 hours to 3,542 hours. The increase is due to an increase in the number of funds that filed applications for exemptions under rule 17d-1.

As noted above, the Commission staff understands that funds that file an application under rule 17d-1 generally use outside counsel to assist in preparing the application. The staff estimates that, on average, funds spend

<sup>1</sup> The Commission staff estimates that a senior executive, such as the fund's chief compliance officer, will spend an average of 62 hours and a mid-level compliance attorney will spend an average of 92 hours to comply with this collection of information: 62 hours + 92 hours = 154 hours. 23 funds × 154 burden hours = 3,542 burden hours. The Commission staff estimate that the chief compliance officer is paid \$530 per hour and the compliance attorney is paid \$365 per hour. (\$530 per hour × 62 hours) + (\$365 per hour × 92 hours) = \$66,440 per fund. \$66,440 × 23 funds = \$1,528,120. The \$530 and \$365 per hour figures are based on salary information compiled by SIFMA's Management & Professional Earnings in the Securities Industry, 2013. The Commission staff has modified SIFMA's information to account for an 1800-hour work year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead.

<sup>18</sup> 17 CFR 200.30-3(a)(12).

an additional \$93,131 for outside legal services in connection with seeking Commission approval of affiliated joint transactions. Thus, the staff estimates that the total annual cost burden imposed by the exemptive application requirements of rule 17d-1 is \$2,142,013.<sup>2</sup>

We estimate that funds currently do not rely on the exemption from the term “financial interest” with respect to any interest that the fund’s board of directors (including a majority of the directors who are not interested persons of the fund) finds to be not material. Accordingly, we estimate that annually there will be no transactions under rule 17d-1 that will result in this aspect of the collection of information.

Based on these calculations, the total annual hour burden is estimated to be 3,542 hours and the total annual cost burden is estimated to be \$2,142,013.

The estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act. The estimate is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules. Complying with these collections of information requirement is necessary to obtain the benefit of relying on rule 17d-1. Responses will not be kept confidential. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

The public may view background documentation for this information collection at the following website: [www.reginfo.gov](http://www.reginfo.gov). Find this particular information collection by selecting “Currently under 30-day Review—Open for Public Comments” or by using the search function. Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to (i) [www.reginfo.gov/public/do/PRAMain](http://www.reginfo.gov/public/do/PRAMain) and (ii) David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o Cynthia Roscoe, 100 F Street NE, Washington, DC 20549, or by sending an email to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov).

Dated: July 2, 2020.

**J. Matthew DeLesDernier,**  
Assistant Secretary.

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<sup>2</sup> The estimate is based on the following calculation: \$93,131 × 23 funds = \$2,142,013.

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-89217; File No. SR-CboeBZX-2020-029]

### Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Order Granting Approval of Proposed Rule Change, as Modified by Amendment No. 1, To List and Trade Shares of the JPMorgan Large Cap Growth ETF Under Rule 14.11(k), Managed Portfolio Shares

July 2, 2020.

#### I. Introduction

On March 25, 2020, Cboe BZX Exchange, Inc. (“Exchange” or “BZX”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (“Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> a proposed rule change to list and trade shares of the JPMorgan Large Cap Growth ETF under Rule 14.11(k), Managed Portfolio Shares. The proposed rule change was published for comment in the **Federal Register** on April 9, 2020.<sup>4</sup> On April 29, 2020, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>5</sup> On May 15, 2020, pursuant to Section 19(b)(2) of the Act,<sup>6</sup> the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.<sup>7</sup> The Commission has received no comments on the proposed rule change. This order approves the proposed rule change, as modified by Amendment No. 1.

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>4</sup> See Securities Exchange Act Release No. 88551 (April 3, 2020), 85 FR 19971 (“Notice”).

<sup>5</sup> In Amendment No. 1, the Exchange added the word “each” to clarify that the Adviser has implemented and will maintain a “fire wall” with respect to each affiliate broker-dealer regarding access to information concerning the composition and/or changes to the Fund’s portfolio and Creation Basket (as defined below). Because the change in Amendment No. 1 clarifies a statement in the proposal and does not materially alter the substance of the proposed rule change or raise any novel regulatory issues, Amendment No. 1 is not subject to notice and comment. Amendment No. 1 is available on the Commission’s website at <https://www.sec.gov/comments/sr-cboebzx-2020-029/sr-cboebzx2020029-7135317-216172.pdf>.

<sup>6</sup> 15 U.S.C. 78s(b)(2).

<sup>7</sup> See Securities Exchange Act Release No. 88888, 85 FR 31016 (May 21, 2020). The Commission designated July 8, 2020, as the date by which the Commission shall approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.

## II. Description of the Proposed Rule Change, as Modified by Amendment No. 1<sup>8</sup>

The Exchange proposes to list and trade shares of the JPMorgan Large Cap Growth ETF (“Fund”) under BZX Rule 14.11(k), which governs the listing and trading of any series of Managed Portfolio Shares on the Exchange.<sup>9</sup> The shares of the Fund (“Shares”) will be issued by J.P. Morgan Exchange-Traded Fund Trust (“Trust”), a statutory trust organized under the laws of the State of Delaware and registered with the Commission as an open-end management investment company.<sup>10</sup> The investment adviser to the Trust will be J.P. Morgan Investment Management Inc. (the “Adviser”). JPMorgan Distribution Services, Inc. will serve as the distributor of the Fund’s Shares.

#### A. Description of the Fund

The Exchange states that the Fund’s holdings will conform to the permissible investments as set forth in the Exemptive Application and Exemptive Order and the holdings will be consistent with all requirements in the Exemptive Application and

<sup>8</sup> For more information regarding the Fund and the Shares, see Notice, *supra* note 4.

<sup>9</sup> As defined in BZX Rule 14.11(k)(3)(A), the term “Managed Portfolio Share” means a security that (a) represents an interest in an investment company (“Investment Company”) registered under the Investment Company Act of 1940 (“1940 Act”) organized as an open-end management investment company, that invests in a portfolio of securities selected by the Investment Company’s investment adviser consistent with the Investment Company’s investment objectives and policies; (b) is issued in a creation unit, or multiples thereof, in return for a designated portfolio of instruments (and/or an amount of cash) with a value equal to the next determined net asset value and delivered to the Authorized Participant (as defined in the Investment Company’s Form N-1A filed with the Commission) through a confidential account; (c) when aggregated into a redemption unit, or multiples thereof, may be redeemed for a designated portfolio of instruments (and/or an amount of cash) with a value equal to the next determined net asset value delivered to the confidential account for the benefit of the Authorized Participant; and (d) the portfolio holdings for which are disclosed within at least 60 days following the end of every fiscal quarter.

<sup>10</sup> The Trust is registered under the 1940 Act. On February 3, 2020, the Trust filed a registration statement on Form N-1A relating to the Fund (File No. 811-22903) (“Registration Statement”). The Trust has submitted an application for exemptive relief (“Exemptive Application”) (File No. 812-15093). The Exchange states that the Exemptive Application incorporates by reference the terms and conditions of the exemptive relief granted to Precidian ETFs Trust, et al. See Investment Company Act Release No. 33477, May 20, 2019 (“Exemptive Order”). The Exchange states that it expects any exemptive relief granted to the Trust to be substantively identical to the Exemptive Order. The Exchange represents that the Fund will not be listed or traded on the Exchange until it receives all necessary exemptive relief and its Registration Statement is effective.