SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–89412; File No. SR–NYSEArca-2020–46]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Designation of a Longer Period for Commission Action on a Proposed Rule Change to Amend NYSE Arca Rule 5.2–E(j)(6) Relating to Options-Linked Securities

July 28, 2020.

On June 10, 2020, NYSE Arca, Inc. (''Exchange'' or ''NYSE Arca'') 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 amend NYSE Arca Rule 5.2–E(j)(6) (''Index-Linked Securities'') to accommodate Exchange listing and trading of Options-Linked Securities. The proposed rule change was published for comment in the **Federal Register** on June 22, 2020.[3] The Commission has received no comment letters on the proposed rule change.

Section 19(b)(2) of the Act [4] provides that within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding, or as to which the self-regulatory organization consents, the Commission will either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day after publication of the notice for this proposed rule change is August 6, 2020. The Commission is extending this 45-day time period.

The Commission finds it appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the proposed rule change. Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,[5] designates September 20, 2020 as the date by which the Commission shall either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change (File No. SR–NYSEArca–2020–46).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[6]

J. Matthew DeLesDernier,

Assistant Secretary.

[FR Doc. 2020–16708 Filed 7–31–20; 8:45 am]

BILLING CODE 8011–01–P

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 89073 (June 16, 2020), 85 FR 37488.

[4] 15 U.S.C. 78s(b)(2).

[5] *Id.*

[6] 17 CFR 200.30–3(a)(31).

SECURITIES AND EXCHANGE COMMISSION

[Release No. IA–5552/File No. 803–00250]

Blackstone Alternative Investment Funds; Blackstone Alternative Investment Advisors LLC

July 28, 2020.

AGENCY: Securities and Exchange Commission (''SEC'' or ''Commission'').

ACTION: Notice.

Notice of application for an exemptive order under Section 206A of the Investment Advisers Act of 1940 (''Advisers Act'').

APPLICANTS: Blackstone Alternative Investment Funds (the ''Trust'') and Blackstone Alternative Investment Advisors LLC (''BAIA'' or the ''Adviser'') (together, the ''Applicants'').

RELEVANT ADVISERS ACT SECTIONS: Exemption requested under Section 206A of the Advisers Act for an exemption from Section 205 of the Advisers Act and rule 205–1 thereunder.

SUMMARY OF APPLICATION: Applicants request that the Commission issue an order permitting the Adviser to enter into or amend an investment sub-advisory agreement (each, a ''Sub-Advisory Agreement'' and collectively, the ''Sub-Advisory Agreements'') with a sub-adviser (each, a ''Sub-Adviser'') under which the Sub-Adviser would receive an investment sub-advisory fee from the Adviser where such fee would (i) be calculated based on the performance of the portion of a Fund's (as defined below) assets allocated to the Sub-Adviser (an ''Allocated Portion'') measured by the change in the Allocated Portion's gross asset value, rather than the change in net asset value of the Allocated Portion and (ii) apply only to the Allocated Portion and not to a Fund as a whole.

FILING DATES: The application was filed on June 24, 2019, and amended and restated on April 28, 2020 and July 21, 2020.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by emailing the Commission's Secretary at *Secretarys-Office@sec.gov* and serving Applicants with copies of the request by email. Hearing requests should be received by the Commission by 5:30 p.m. on August 24, 2020, 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 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 may request notification of a hearing by emailing the Commission's Secretary at *Secretarys-Office@sec.gov.*

ADDRESSES: The Commission: *Secretarys-Office@sec.gov.* Applicants: Blackstone Alternative Investment Advisors LLC, *james.hannigan@blackstone.com* and *kevin.michel@blackstone.com;* Simpson Thacher & Bartlett LLP, *ryan.brizek@stblaw.com* and *patrick.quinn@stblaw.com.*

FOR FURTHER INFORMATION CONTACT: Erin Loomis Moore, Senior Counsel, at (202) 551–6721, or Parisa Haghshenas, Branch Chief, at (202) 551–6723 (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/iareleases.shtml* or by calling (202) 551–8090.

Applicant's Representations

1. The Trust is organized as a Massachusetts business trust and is registered with the Commission as an open-end management investment company under the Investment Company Act of 1940 (''1940 Act''). The Trust currently consists of one Fund, Blackstone Alternative Multi-Strategy Fund, which operates under a multi-manager structure and is offered and sold pursuant to a registration statement on Form N–1A. Applicants request that the relief apply to Applicants, as well as to any existing or future series of the Trust, and any other existing or future registered management investment company or series thereof that intends to rely on the requested order in the future and that is managed by the

Adviser [1] (each, a ''Fund,'' and collectively, the ''Funds'').[2]

2. BAIA is a limited liability company organized under the laws of the State of Delaware and is registered with the Commission as an investment adviser under the Advisers Act. The Adviser is an indirect, wholly-owned subsidiary of The Blackstone Group Inc. BAIA serves, and each other Adviser will serve, as the investment adviser to each Fund pursuant to an investment advisory agreement with the Trust (''Investment Management Agreement''). Pursuant to the terms of the Investment Management Agreement, the Adviser, subject to the supervision of the board of trustees of the Trust (''Board''), provides investment management services to the Fund. The Investment Management Agreement provides that the Adviser may, subject to the approval of the Board, including a majority of the Independent Board Members,[3] and the shareholders of the applicable Fund (if required), delegate portfolio management responsibilities of all or a portion of the assets of a Fund to one or more Sub-Advisers.[4] Any future Adviser will be registered with the Commission as an investment adviser under the Advisers Act. Future Advisers will comply with the terms of any order issued by the Commission in connection with the application or subsequent relief or rules, as applicable.

3. Pursuant to the authority under an Investment Management Agreement, the Adviser may enter into Sub-Advisory Agreements with various Sub-Advisers on behalf of a Fund. The Adviser will negotiate and renegotiate the terms of the Sub-Advisory Agreements with the Sub-Advisers, including the fees paid to the Sub-Advisers, and will make recommendations to the Board as needed.

4. Each Sub-Adviser is or will be responsible for the discretionary management of, or for providing non-discretionary advice with respect to, its Allocated Portion of a Fund's assets on a day-to-day basis. In doing so, the Sub-Advisers act for all practical purposes as though each were advising a separate investment company. For example, each Sub-Adviser receives position-level portfolio information for its Allocated Portion, not for the Fund as a whole, on a daily basis and is responsible for compliance monitoring only with respect to the guidelines of its Allocated Portion. In addition, each Sub-Adviser is responsible for preparing information for the Adviser and the Board only with respect to its Allocated Portion. Each Sub-Adviser will be an ''investment adviser'' to the Fund within the meaning of Section 2(a)(20) of the 1940 Act and will provide investment management services to its Allocated Portion of a Fund.[5] Each Sub-Adviser receives separate compensation for its portfolio management services directly from the Adviser.

5. Applicants represent that (i) neither the Sub-Adviser nor any of its affiliates will have sponsored or organized the Trust or will serve as a distributor or principal underwriter of the Trust; (ii) neither the Sub-Adviser nor any of its affiliates will own any shares issued by the Trust; (iii) no officer, director or employee of the Sub-Adviser, nor of its affiliates, will serve as an executive officer or trustee of the Trust; and (iv) neither the Sub-Adviser nor any of its affiliates will be an affiliated person of the Adviser or any other person who provides investment advice with respect to the Trust's advisory relationships (except to the extent that such affiliation may exist by reason of the Sub-Adviser or any of its affiliates serving as investment adviser to the Fund). Services provided by the Sub-Advisers are limited to investment selection, placement of transactions for execution and certain compliance functions directly related to such services.

6. The terms of each Sub-Advisory Agreement or amendment thereto (the ''Performance Fee Terms'') will be approved by the Board, including a majority of the Independent Board Members. The Performance Fee Terms contemplate a fee arrangement, commonly referred to as a ''fulcrum fee'' (the ''Proposed Fulcrum Fee'') designed to reward a Sub-Adviser for performance of the Allocated Portion that exceeds the total return of an index plus an additional hurdle rate and to reduce the Sub-Adviser's compensation with respect to periods during which lesser performance is achieved.[6] Since the Proposed Fulcrum Fee would be paid by the Adviser to a Sub-Adviser, there would be no increase in advisory fee rates charged to a Fund and its shareholders.

7. The Proposed Fulcrum Fee has two separate components: a base fee calculated as a percentage of the average daily net assets of the Allocated Portion (''Base Fee'') and a performance component adjustment to the Base Fee (''Performance Component''). The Performance Component would be based on a percentage of the difference between (i) the total return of the Allocated Portion during the preceding specified period calculated without regard to the expenses incurred in the operation of the Allocated Portion, including the management fees, distribution and/or service fees and certain other operating expenses, even if attributable to the Allocated Portion (''Gross Total Return''), and (ii) the total return of an index during the same specified period plus a performance hurdle. Both the percentage on which the Performance Component is based and the specified period may vary among Sub-Advisers.

8. None of the costs and expenses of the Fund that apply generally across the Fund's portfolio would be deducted from the Gross Total Return of the Allocated Portion. Gross Total Return would, however, reflect the effect (*i.e.,* reducing performance) of all applicable brokerage and transaction costs directly attributable to the Allocated Portion.

Applicants' Legal Analysis

1. Section 205(a)(1) of the Advisers Act generally prohibits an investment

[1] The term ''Adviser'' includes (i) the Adviser or its successors and (ii) any entity controlling, controlled by, or under common control with, the Adviser or its successors. For the purposes of the requested order, ''successor'' is limited to an entity resulting from a reorganization into another jurisdiction or a change in the type of business organization.

[2] All registered investment companies that currently intend to rely on the requested order are named as applicants. All Funds that currently intend to rely on the requested order are identified in the application. Any entity that relies on the requested order will do so only in accordance with the terms and conditions contained in the application.

[3] The term ''Independent Board Members'' means those board members who are not ''interested persons'' of the Fund or the Adviser, as defined in Section 2(a)(19) of the 1940 Act. A Fund would not seek shareholder approval of the Sub-Advisory Agreement because the Applicants currently rely on a multi-manager exemptive order to enter into and materially amend Sub-Advisory Agreements without obtaining shareholder approval. *See* Blackstone Alternative Investment Funds, *et al.,* Investment Company Act Release Nos. 32481 (Feb. 16, 2017) (notice) and 32530 (Mar. 13, 2017) (order). In the future, the Adviser, a Sub-Adviser and a Fund may rely on an amended version of this multi-manager exemptive order or substantially similar relief.

[4] The term ''Sub-Adviser'' also applies to any Sub-Adviser to any wholly-owned subsidiary, as defined in the 1940 Act, of a Fund (each, a ''Subsidiary'' and collectively, the ''Subsidiaries''). The Adviser will serve as investment adviser to each Subsidiary and may retain one or more Sub-Advisers to manage or provide investment recommendation(s) with respect to the assets of a Subsidiary. Applicants also request relief with respect to any Sub-Advisers who serve as Sub-Advisers to a Subsidiary. Where appropriate, Subsidiaries are also included in the term ''Fund.''

[5] Each Sub-Adviser and any future Sub-Adviser would be registered with the Commission as an investment adviser under the Advisers Act or not subject to such registration. Each Sub-Adviser and any future Sub-Adviser will comply with the terms and conditions contained in the application.

[6] Each Sub-Adviser manages a sub-strategy of a Fund. As a result, different Sub-Advisers will manage their Allocated Portion to seek to exceed the performance of different indices, which can and will differ from a Fund's benchmark index.

adviser from entering into any investment advisory agreement that provides for compensation to the adviser on the basis of a share of capital gains or capital appreciation of a client's account.

2. Section 205(b) of the Advisers Act provides a limited exception to this prohibition, permitting an adviser to charge a registered investment company and certain other persons a fee that is based on asset value of the company or fund under management averaged over a specified period and increases and decreases ''proportionately with the investment performance of the company or fund over a specified period in relation to the investment record of an appropriate index of securities prices or such other measure of investment performance as the Commission by rule, regulation or order may specify.''

3. Rule 205–1 under the Advisers Act requires that the investment performance of an investment company be computed based on the change in the net (of all expenses and fees) asset value per share of the investment company.

4. Applicants request exemptive relief from Section 205 of the Advisers Act and rule 205–1 thereunder to the extent necessary to permit the Adviser to enter into and amend Sub-Advisory Agreements to provide for the payment by the Adviser to a Sub-Adviser of performance-based compensation under which the Sub-Adviser's fee would (i) be calculated based on the performance of the Allocated Portion measured by the change in the Allocated Portion's gross asset value, rather than the change in net asset value of the Allocated Portion, and (ii) apply only to the Allocated Portion and not to the Fund as a whole.

5. Applicants state that Congress, in adopting and amending Section 205 of the Advisers Act, and the SEC, in adopting rule 205–1, put into place safeguards designed to ensure that investment advisers would not take advantage of advisory clients.

6. Applicants assert that the Commission required that performance fees be calculated based on the net asset value of the investment company's shares to prevent a situation where an adviser could earn a performance fee even though investment company shareholders did not derive any benefit from the adviser's performance after the deduction of fees and expenses.

7. Applicants state that the Proposed Fulcrum Fee would be fair to each Fund and its shareholders because the fee will be paid by the Adviser and not borne by shareholders as an expense of the Fund out of the assets of the Fund. In addition, the fee formula will include a performance hurdle that the Sub-Adviser must meet before earning the Performance Component of the Proposed Fulcrum Fee. In the event the Base Fee changes, the performance hurdle also would be changed to the extent necessary to be at least equal to the Base Fee. Further, the Sub-Adviser would not earn any performance-based fee until a Fund has derived the benefit of the Allocated Portion's performance.

8. Applicants suggest that Congress' concern, in enacting the safeguards of Section 205, came about because the vast majority of investment advisers exercised a high level of control over the structuring of the advisory relationship. Applicants state that the Proposed Fulcrum Fee will be the result of arm's length negotiations between a Sub-Adviser and the Adviser and the Board will approval each Proposed Fulcrum Fee. Applicants state that the Sub-Adviser has no influence over the overall management of the Trust or the Fund beyond the investment selection process for its Allocated Portion. Management functions of the Trust and the Fund reside in the Board and the Adviser. The Proposed Fulcrum Fee will be paid by the Adviser to the Sub-Adviser and its imposition will not increase advisory fees payable by the Fund. The Proposed Fulcrum Fee requires the performance of the Allocated Portion to both match the index and exceed a performance hurdle before the Sub-Adviser is entitled to receive any performance-based component of its fee. Applicants represent that the Trust itself, acting through its Board and its officers, is directly and fully responsible for supervising the Trust's service providers (including the Sub-Advisers) and monitoring the operating expenses of each of the Funds. In addition, for those Funds, including Blackstone Alternative Multi-Strategy Fund, which are served by more than one Sub-Adviser, the Adviser is responsible for allocating the assets of the Fund among such Sub-Advisers. Finally, the Board, at the Adviser's recommendation, is responsible for any decision to hire or fire any Sub-Adviser.

9. Applicants state that the Adviser was and is on equal footing with the Sub-Adviser with respect to the negotiation of the Proposed Fulcrum Fee. Moreover, the Sub-Adviser will receive its sub-advisory fee from the Adviser and not from a Fund, meaning that the requested relief would not cause the advisory fee rates charged to a Fund to increase. Applicants argue that as a result, a Fund does not need the protections afforded by calculating the Proposed Fulcrum Fee based on net assets. Applicants submit that the Proposed Fulcrum Fee is therefore consistent with the underlying policies of Section 205 and rule 205–1 under the Advisers Act and that the exemption would be consistent with the protection of investors.

Applicants' Conditions

Applicants agree that any order granting the requested relief will be subject to the following conditions:

1. Management fees charged to a Fund will not increase as a result of calculating the investment sub-advisory fee based on Gross Total Return.

2. The adoption of the Proposed Fulcrum Fee will not cause the Adviser or a Sub-Adviser to reduce or modify in any way the nature and level of its services with respect to a Fund.

3. The investment sub-advisory fee will be negotiated between the Sub-Adviser and the Adviser.

4. The fee structure will contain a hurdle that is no lower than the Base Fee and, should the Base Fee change, the hurdle will also be changed to the extent necessary to be at least equal to the Base Fee. The fee structure will ensure that the investment sub-advisory fee continues to have the potential to increase and decrease proportionally.

5. Applicants will comply with all other provisions of Section 205 and rules 205–1 and 205–2 under the Advisers Act with respect to the Proposed Fulcrum Fee arrangement between the Adviser and a Sub-Adviser and to future arrangements.

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

J. Matthew DeLesDernier,

Assistant Secretary.

[FR Doc. 2020–16712 Filed 7–31–20; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–89418; File No. 4–518]

Joint Industry Plan; Notice of Filing and Immediate Effectiveness of Amendment to the Plan Establishing Procedures Under Rule 605 of Regulation NMS To Add the MEMX LLC as a Participant

July 29, 2020.

Pursuant to Section 11A(a)(3) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 608 thereunder,[2] notice is hereby given that on July 6, 2020, MEMX LLC (''MEMX'' or

[1] 15 U.S.C 78k–1(a)(3).

[2] 17 CFR 242.608.