

Management and Budget (“OMB”) for extension and approval.

Rule 18f-4 (17 CFR 270.18f-4) under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.) (the “Investment Company Act”) permits a fund to enter into derivatives transactions, notwithstanding the prohibitions and restrictions on the issuance of senior securities under section 18 of the Investment Company Act. A fund that relies on rule 18f-4 to enter into derivatives transactions generally is required to: adopt a derivatives risk management program; have its board of directors approve the fund’s designation of a derivatives risk manager and receive direct reports from the derivatives risk manager about the derivatives risk management program; and comply with a VaR-based test designed to limit a fund’s leverage risk consistent with the investor protection purposes underlying section 18 of the Investment Company Act. Rule 18f-4 includes an exception from the derivatives risk management program requirement and limit on fund leverage risk if a fund limits its derivatives exposure to 10% of its net assets (the fund may exclude from this calculation derivatives transactions that it uses to hedge certain currency and interest rate risks). A fund relying on this exception will be required to adopt policies and procedures that are reasonably designed to manage its derivatives risks.

Rule 18f-4 also includes an exception from the VaR-based limit on leverage risk for a leveraged/inverse fund that cannot comply with rule 18f-4’s limit on fund leverage risk and that, as of October 28, 2020, is: (1) in operation, (2) has outstanding shares issued in one or more public offerings to investors, and (3) discloses in its prospectus that it has a leverage multiple or inverse multiple that exceeds 200% of the performance or the inverse of the performance of the underlying index (for purposes of this Supporting Statement, such a fund is an “over-200% leveraged/inverse fund”). A fund relying on this exception must disclose in its prospectus that it is not subject to rule 18f-4’s limit on fund leverage risk.

Finally, rule 18f-4 permits funds to enter into reverse repurchase agreements (and similar financing transactions) and “unfunded commitments” to make certain loans or investments, and to invest in securities on a when-issued or forward-settling basis, or with a non-standard settlement cycle, subject to conditions tailored to these transactions.

The respondents to rule 18f-4 are registered open- and closed-end management investment companies and

BDCs. Compliance with rule 18f-4 is mandatory for all funds that seek to engage, in reliance on the rule, in derivatives transactions and certain other transactions that the rule addresses, which would otherwise be subject to the restrictions of section 18 of the Investment Company Act.

The information collection requirements of rule 18f-4 are designed to ensure that funds maintain the required written derivatives risk management programs that promote compliance with the federal securities laws and protect investors, and otherwise comply with the requirements of the rule. The information collections also assist the Commission’s examination staff in assessing the adequacy of funds’ derivatives risk management programs and their compliance with the other requirements of the rule, and identifying weaknesses in a fund’s derivatives risk management if violations occur or are uncorrected.

The respondents to rule 18f-4 are registered open- and closed-end management investment companies and BDCs. Compliance with rule 18f-4 is mandatory for all funds that seek to engage, in reliance on the rule, in derivatives transactions and certain other transactions that the rule addresses, which would otherwise be subject to the restrictions of section 18 of the Investment Company Act. To the extent that records required to be created and maintained by funds under the rule are provided to the Commission in connection with examinations or investigations, such information will be kept confidential subject to the provisions of applicable law.

Written comments are invited on: (a) whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission’s estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted by March 25, 2024.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

Please direct your written comments to: David Bottom, Chief Information Officer, Securities and Exchange

Commission, c/o John Pezzullo, 100 F Street NE, Washington, DC 20549 or send an email to: PRA_Mailbox@sec.gov.

Dated: January 18, 2024.

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2024-01282 Filed 1-23-24; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-99385; File No. SR-CBOE-2024-004]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 5.34

January 18, 2024.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on January 3, 2024, Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ 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

Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to amend Rule 5.34. The text of the proposed rule change is provided below.

(additions are *italicized*; deletions are [bracketed])

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Rules of Cboe Exchange, Inc.

* * * * *

Rule 5.34. Order and Quote Price Protection Mechanisms and Risk Controls

The System’s acceptance and execution of orders, quotes, and bulk messages, as applicable, pursuant to the Rules, including Rules 5.31 through

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

5.33, and orders routed to PAR pursuant to Rule 5.82 are subject to the following price protection mechanisms and risk controls, as applicable.

(a) Simple Orders.

(1)–(3) No change.

(4) Drill-Through Price Protection.

(A)–(B) No change.

(C) The System enters a market order with a Time-in-Force of Day or limit order with a Time-in-Force of Day, GTC, or GTD (or unexecuted portion) not executed pursuant to subparagraph (A) in the Book with a displayed price equal to the drill-through price.

(i)–(vii) No change.

(D) This protection does not apply to bulk messages or ISOs.

* * * * *

The text of the proposed rule change is also available on the Exchange's website (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to amend Rule 5.34. Specifically, the Exchange proposes to exclude Intermarket Sweep Orders ("ISOs") from its drill-through protection. Pursuant to Rule 5.34(a)(4)(A), if a buy (sell) order enters the book at the conclusion of the opening auction process or would execute or post to the book when it enters the book, the Exchange's system executes the order up to an Exchange-determined buffer amount (determined on a class and premium basis) above (below) the offer (bid) limit of the Opening Collar⁵ or the National Best Offer ("NBO") (National Best Bid

⁵ See Rule 5.31(a) for the definition of Opening Collars.

("NBB")) that existed at the time of order entry, respectively (the "drill-through price"). The System cancels or rejects any market order with a time-in-force of immediate-or-cancel ("IOC") (or unexecuted portion or limit order with time-in-force of IOC or fill-or-kill ("FOK")) (or unexecuted portion not executed pursuant to the previous sentence.⁶ Rule 5.34(a)(4)(C) establishes an iterative drill-through process, whereby the Exchange permits orders to rest in the book for multiple time periods and at more aggressive displayed prices during each time period. Specifically, the Exchange system enters a market order with a time-in-force of day or limit order with a time-in-force of day, good-til-cancelled ("GTC"), or good-til-gate ("GTD") (or unexecuted portion) in the book with a displayed price equal to the drill-through price. The order (or unexecuted portion) will rest in the book at the drill-through price for the duration of consecutive time periods (the Exchange determines on a class-by-class basis the length of the time period in milliseconds, which may not exceed three seconds), which are referred to as "iterations." Following the end of each period, the Exchange system adds (if a buy order) or subtracts (if a sell order) one buffer amount (the Exchange determines the buffer amount on a class-by-class basis) to the drill-through price displayed during the immediately preceding period (each new price becomes the "drill-through price"). The order (or unexecuted portion) rests in the book at that new drill-through price for the duration of the subsequent period. The Exchange system applies a timestamp to the order (or unexecuted portion) based on the time it enters or is re-priced in the book for priority reasons. The order continues through this iterative process until the earliest of the following to occur: (a) the order fully executes; (b) the user cancels the order; and (c) the buy (sell) order's limit price equals or is less (greater) than the drill-through price at any time during application of the drill-through mechanism, in which case the order rests in the book at its limit price.

Currently, the drill-through protection applies to ISOs. An ISO is a limit order for an options series that meets the following requirements: (1) when routed to an Eligible Exchange,⁷ the order is

⁶ See Rule 5.34(a)(4)(B).

⁷ An "Eligible Exchange" means a national securities exchange registered with the SEC in accordance with section 6(a) of the Securities Exchange Act of 1934 (the "Act") that: (a) is a Participant Exchange in OCC (as that term is defined in Section VII of the OCC by-laws); (b) is a party to the OPRA Plan (as that term is described

identified as an ISO; and (2) simultaneously with the routing of the order, one or more additional ISOs, as necessary, are routed to execute against the full displayed size of any Protected Bid, in the case of a limit order to sell, or any Protected Offer, in the case of a limit order to buy, for the options series with a price that is superior to the limit price of the ISO, with such additional orders also marked as ISOs.⁸

The Exchange proposes to exclude ISOs from the drill-through protection.⁹ The primary purpose of the drill-through price protection is to prevent orders from executing at prices "too far away" from the market when they enter the book for potential execution. This is inconsistent with the primary purpose of ISOs, which is to permit orders to trade at prices outside of the market. The Exchange believes excluding ISOs from the drill-through is consistent with the purpose of each type of functionality.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of section 6(b) of the Act.¹⁰ Specifically, the Exchange believes the proposed rule change is consistent with the section 6(b)(5)¹¹ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and

in Section I of the OPRA Plan); and (c) if the national securities exchange chooses not to become a party to this Plan, is a participant in another plan approved by the Securities and Exchange Commission (the "Commission") providing for comparable Trade-Through and Locked and Crossed Market protection. The term "Trade-Through" means a transaction in an options series at a price that is lower than a Protected Bid or higher than a Protected Offer. A "Protected Bid" or "Protected Offer" means a bid or offer in an options series, respectively, that (a) is disseminated pursuant to the OPRA Plan; and (b) is the best bid or best offer, respectively, displayed by an Eligible Exchange. A "Locked Market" means a quoted market in which a Protected Bid is equal to a Protected Offer in a series of an options class, and a "Crossed Market" means a quoted market in which a Protected bid is higher than a Protected Offer in a series of an options class. See Rule 5.65(e), (g), (i), (o), and (q).

⁸ See Rules 5.6(c) (definition of ISO) and 5.65(h).

⁹ See proposed Rule 5.34(a)(4)(D).

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the section 6(b)(5)¹² requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes the proposed rule change will promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a national market system, and protect investors and the public interest, because it will increase instances in which ISOs receive executions up to their limit prices, including outside of the market prices when the ISOs were submitted to the Exchange, which the Exchange believes is consistent with the expectations of users that submit those orders. As noted above, the primary purpose of ISOs is to permit orders to trade at prices outside of the market. The primary purpose of the drill-through price protection is to prevent orders from executing at prices “too far away” from the market when they enter the book for potential execution. The Exchange believes excluding ISOs from the drill-through is consistent with the purpose of each type of functionality. Therefore, the Exchange believes the proposed rule change will enhance the Exchange system by aligning its drill-through protection with the intended purpose of ISOs.¹³ The Exchange believes the proposed rule change may ultimately result in additional executions consistent with the expectations of users that submit ISOs, which ultimately benefits investors. The Exchange further believes the proposed rule change is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers, as it will apply to ISOs of all users.

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 that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because it will apply in the same manner to ISOs of all Trading Permit

Holders. The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because it relates solely to the application of one of the Exchange’s price protection mechanisms to ISOs. Additionally, the proposed rule change substantively identical to a recent rule change by Cboe EDGX Exchange, Inc. (“EDGX Options”).¹⁴ The Exchange also notes at least one other options exchange excludes ISOs from certain of its price protection measures.¹⁵

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

The Exchange neither solicited nor received comments on the proposed rule change.

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

Because the foregoing proposed rule change does not:

- A. significantly affect the protection of investors or the public interest;
- B. impose any significant burden on competition; and
- C. 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) of the Act¹⁶ and Rule 19b-4(f)(6)¹⁷ thereunder.¹⁸ 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 will institute proceedings

¹⁴ See SR-CboeEDGX-2023-082 (December 21, 2023).

¹⁵ See Miami International Securities Exchange, LLC (“MIAX”) Rule 515(c)(1) (ISOs excluded from MIAX’s price protection on non-market maker orders in non-proprietary products, which prevents orders from executing more than a specified number of increments away from the national best bid or offer (“NBBO”) at the time the order is received).

¹⁶ 15 U.S.C. 78s(b)(3)(A).

¹⁷ 17 CFR 240.19b-4(f)(6).

¹⁸ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

to determine whether the proposed rule change 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-CBOE-2024-004 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-CBOE-2024-004. 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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-CBOE-2024-004 and should be submitted on or before February 14, 2024.

¹² *Id.*

¹³ The Exchange notes ISOs will continue to receive price protection, such as from the limit order fat finger check. See Rule 5.34(c)(1).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2024-01304 Filed 1-23-24; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 3235-0346, File No. 270-305]

Proposed Collection; Comment Request; Extension: Rule 34b-1

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

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 (the "Commission") is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

Rule 34b-1 under the Investment Company Act (17 CFR 270.34b-1) governs sales material that accompanies or follows the delivery of a statutory prospectus ("sales literature"). Rule 34b-1 deems to be materially misleading any investment company ("fund") sales literature required to be filed with the Securities and Exchange Commission ("Commission") by Section 24(b) of the Investment Company Act (15 U.S.C. 80a-24(b)) that includes performance data, unless the sales literature also includes the appropriate uniformly computed data and the legend disclosure required in investment company advertisements by rule 482 under the Securities Act of 1933 (17 CFR 230.482) ("rule 482"). Additionally, rule 34b-1 deems to be materially misleading any fund sales literature intended for distribution to prospective investors that includes fee and expense information, unless that sales literature complies with the disclosure and timeliness requirements of rule 482.¹ These requirements are designed to prevent misleading performance claims by funds and to

enable investors to make meaningful comparisons among funds.

The Commission estimates that on average approximately 8,289² responses that include the information required by rule 34b-1 each year. The burden resulting from the collection of information requirements of rule 34b-1 is estimated to be 11 hours per response.³ The total hourly burden for rule 34b-1 is approximately 91,179 hours per year in the aggregate.⁴

The collection of information under rule 34b-1 is mandatory. The information provided under rule 34b-1 is not kept confidential. The Commission may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Written comments are invited on: (a) whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted by March 25, 2024.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

Please direct your written comments to: David Bottom, Chief Information Officer, Securities and Exchange Commission, c/o John Pezzullo, 100 F Street NE, Washington, DC 20549 or

² The estimated average number of responses to rule 34b-1 for the two-year period from October 1, 2021, to November 30, 2023, comprises 7,912 filings submitted to FINRA and 377 filings submitted to the Commission.

³ Previous PRA extensions for rule 34b-1 assumed an estimated annual burden of 6 hours per response in complying with paragraphs a and b of rule 34b-1, 3 hours per response in complying with the fee and expense figure disclosure requirements of paragraph c, and 2 hours for the fee waivers/expense reimbursement arrangements disclosure requirements of paragraph c, while estimating that only 96% of relevant responses would need to comply with all of the paragraph c requirements. For purposes of this extension, we are assuming that 100% of the responsive filings identified will incur burdens for all of the rule's requirements, such that a total of 11 hours per response per year (6 + 3 + 2 = 11). We recognize that this might overstate the total burden.

⁴ 8,289 responses × 11 hours per response = 91,179 hours.

send an email to: *PRA_Mailbox@sec.gov*.

Dated: January 19, 2024.

Sherry R. Haywood,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-99387; File No. SR-CboeBZX-2024-005]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 21.17

January 18, 2024.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on January 3, 2024, Cboe BZX Exchange, Inc. (the "Exchange" or "BZX") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a "non-controversial" proposed rule change pursuant to section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ 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

Cboe BZX Exchange, Inc. (the "Exchange" or "BZX") proposes to amend Rule 21.17. The text of the proposed rule change is provided below.

(additions are *italicized*; deletions are [bracketed])

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Rules of Cboe BZX Exchange, Inc.

* * * * *

Rule 21.17. Additional Price Protection Mechanisms and Risk Controls

The System's acceptance and execution of orders, quotes, and bulk messages, as applicable, are subject to the price protection mechanisms and risk controls in Rule 21.16, this Rule 21.17 and as otherwise set forth in

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

¹⁹ 17 CFR 200.30-3(a)(12).

¹ These provisions of rule 34b-1 apply to any registered investment company or business development company advertisement, pamphlet, circular, form letter, or other sales literature addressed to or intended for distribution to prospective investors in connection with a public offering. See rule 34b-1(c).