

registered under the Exchange Act, to sell shares to Funds of Funds beyond the limits of section 12(d)(1)(B) of the Act. The application's terms and conditions are designed to, among other things, help prevent any potential (i) undue influence over a Fund through control or voting power, or in connection with certain services, transactions, and underwritings, (ii) excessive layering of fees, and (iii) overly complex fund structures, which are the concerns underlying the limits in sections 12(d)(1)(A) and (B) of the Act.

8. Applicants request an exemption from sections 17(a)(1) and 17(a)(2) of the Act to permit persons that are Affiliated Persons, or Second Tier Affiliates, of the Funds, solely by virtue of certain ownership interests, to effectuate purchases and redemptions in-kind. The deposit procedures for in-kind purchases of Creation Units and the redemption procedures for in-kind redemptions of Creation Units will be the same for all purchases and redemptions, and Deposit Instruments and Redemption Instruments will be valued in the same manner as those investment positions currently held by the Funds. Applicants also seek relief from the prohibitions on affiliated transactions in section 17(a) to permit a Fund to sell its shares to and redeem its shares from a Fund of Funds, and to engage in the accompanying in-kind transactions with the Fund of Funds.<sup>3</sup> The purchase of Creation Units by a Fund of Funds directly from a Fund will be accomplished in accordance with the policies of the Fund of Funds and will be based on the NAVs of the Funds.

9. Applicants also request relief to permit a Feeder Fund to acquire shares of another registered investment company managed by the Adviser having substantially the same investment objectives as the Feeder Fund ("Master Fund") beyond the limitations in section 12(d)(1)(A) and permit the Master Fund, and any principal underwriter for the Master Fund, to sell shares of the Master Fund to the Feeder Fund beyond the limitations in section 12(d)(1)(B).

10. Section 6(c) of the Act permits the Commission to exempt any persons or transactions from any provision of the

Act if such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Section 12(d)(1)(J) of the Act provides that the Commission may exempt any person, security, or transaction, or any class or classes of persons, securities, or transactions, from any provision of section 12(d)(1) if the exemption is consistent with the public interest and the protection of investors. Section 17(b) of the Act authorizes the Commission to grant an order permitting a transaction otherwise prohibited by section 17(a) if it finds that (a) the terms of the proposed transaction are fair and reasonable and do not involve overreaching on the part of any person concerned; (b) the proposed transaction is consistent with the policies of each registered investment company involved; and (c) the proposed transaction is consistent with the general purposes of the Act.

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

**Eduardo A. Aleman,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-85052; File No. SR-BOX-2019-01]

### Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Clarify That Multi-Leg Qualified Open Outcry Orders Are Permitted on the BOX Trading Floor

February 5, 2019.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on January 30, 2019, BOX Exchange LLC (the "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

<sup>2</sup> 17 CFR 240.19b-4.

### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to make multi-leg QOO Orders available on the BOX Trading Floor. The text of the proposed rule change is available from the principal office of the Exchange, at the Commission's Public Reference Room and also on the Exchange's internet website at <http://boxoptions.com>.

### 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 self-regulatory organization 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 self-regulatory organization 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

In August 2017, the Securities and Exchange Commission ("SEC" or "Commission") approved the Exchange's proposal to adopt rules for an open outcry trading floor.<sup>3</sup> Among the approved rules was BOX Rule 7600(a)(4) which stated that "QOO Orders may be multi-leg orders up to four (4) legs, including Complex Orders as defined in Rule 7240(a)(5) and tied to hedge orders as defined in IM-7600-2."<sup>4</sup> The Exchange notes that while this

<sup>3</sup> See Securities Exchange Act Release No. 81292 (August 2, 2017), 82 FR 37144 (August 8, 2017) (Order Approving a Proposed Rule Change, as Modified by Amendment Nos. 1 and 2, To Adopt Rules for an Open-Outcry Trading Floor).

<sup>4</sup> The Exchange notes it recently amended this rule to provide the ability for the Exchange to determine the applicable number of legs for a Complex QOO Order. See Securities Exchange Act Release No. 84340 (October 2, 2018), 83 FR 50718 (October 9, 2018) (Notice of Filing and Immediate Effectiveness SR-BOX-2018-30). In this filing, the Exchange stated that only orders that meet the definition of a Complex Order are allowed to trade on the BOX Trading Floor. The Exchange now proposes, due to technology enhancements, to make such multi-leg QOO Orders that do not meet the definition of a Complex Order available on the BOX Trading Floor. Upon approval, multi-leg QOO orders that are entered into the system will be accepted and executed pursuant to Rule 7600(c). The Exchange notes that Complex Order priority provisions do not apply to multi-leg QOO Orders.

Continued

<sup>3</sup> The requested relief would apply to direct sales of shares in Creation Units by a Fund to a Fund of Funds and redemptions of those shares. Applicants, moreover, are not seeking relief from section 17(a) for, and the requested relief will not apply to, transactions where a Fund could be deemed an Affiliated Person, or a Second-Tier Affiliate, of a Fund of Funds because an Adviser or an entity controlling, controlled by or under common control with an Adviser provides investment advisory services to that Fund of Funds.

rule currently allows for multi-leg QOO Orders that do not meet the definition of a Complex Order<sup>5</sup> to trade on the BOX Trading Floor, such multi-leg QOO Orders are not currently traded. Due to technology enhancements, the Exchange now proposes to make these multi-leg QOO Orders available on the BOX Trading Floor.<sup>6</sup> As such, the Exchange proposes to add rule text that states that the priority rules for Complex Orders contained in Rule 7240(b)(2) and (3) do not apply to multi-leg QOO orders that are not Complex Orders (“multi-leg QOO Orders”). Multi-leg QOO Orders must involve the simultaneous purchase and/or sale of two or more different options series in the same underlying security, for the same account, and for the purpose of executing a particular investment strategy.<sup>7</sup> Each component series of a multi-leg QOO order must be executed at a price that is equal to or better than the NBBO for that series subject to the exceptions of Rule 15010(b). Each component series of a multi-leg QOO order (1) may not trade through any equal or better priced Public Customer bids or offers on the BOX book for that series or any non-Public Customer bids or offers on the BOX book for that series that are ranked ahead of or equal to better priced Public Customer bids or offers, and (2) may not trade through any non-Public Customer bids or offers for that series on the BOX

Multi-leg QOO Orders are treated like single-leg QOO Orders with respect to execution and priority.

<sup>5</sup> The term “Complex Order” means any order involving the simultaneous purchase and/or sale of two or more different options series in the same underlying security, for the same account, in a ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00) and for the purpose of executing a particular investment strategy. See BOX Rule 7240(a)(7).

<sup>6</sup> The Exchange notes that NYSE Arca Inc. (“NYSE Arca”) currently allows multi-leg orders to trade on their trading floor. While NYSE Arca does not specifically provide in their rulebook that multi-leg orders (that do not meet the definition of a Complex Order) may trade on the trading floor, NYSE Arca distributed a regulatory bulletin which detailed the rules of priority and order protection in open outcry including multi-leg orders on the trading floor. Specifically, the bulletin states, “OTP Holders are reminded that orders involving multiple legs that do not meet the definition of a Complex Order, as defined in Rule 6.62(e) . . . do not have priority over equal priced priority interest in the Consolidated Book.” See NYSE Arca Options RB-16-04. Given this language, the Exchange believes that multi-leg orders that do not meet the definition of a Complex Order are currently permitted on the NYSE Arca trading floor. As such, the Exchange does not believe the proposed clarification is novel; especially since current BOX rules already allow for such orders to be traded on the Trading Floor. The purpose of this filing is to advise market participants that multi-leg QOO Orders will now be allowed to trade on the Trading Floor due to recent technological enhancements.

<sup>7</sup> The Exchange notes multi-leg QOO Orders are the same as Complex QOO Orders except for the ratio restrictions.

book that are priced better than the proposed execution price.<sup>8</sup>

The Exchange notes that the system will enforce the execution and priority provisions in the proposed change. As such, multi-leg QOO Orders will not be allowed to take advantage of the Complex Order priority provisions in BOX Rule 7240(b)(2) and (3).

The Exchange anticipates this enhanced functionality to be available in the first quarter of 2019. The Exchange will distribute an Informational Circular at least two weeks before the implementation date.

## 2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,<sup>9</sup> in general, and Section 6(b)(5) of the Act,<sup>10</sup> in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest. The Exchange believes that the proposed change discussed herein protects investors and the public interest as it will reduce any potential confusion regarding multi-leg QOO Orders on the BOX Trading Floor. Further, the Exchange notes that similar functionality exists on another options exchange with a trading floor.<sup>11</sup> Also, the Exchange believes the proposed change promotes just and equitable principles of trade and removes impediments to and perfects the mechanism of a free and open market and a national system because it mirrors the current functionality for single leg orders on the Trading Floor. Lastly, the Exchange believes the proposed change is consistent with the Act because it is simply advising Participants of the technological enhancement. Further, the functionality is available to all Floor Participants.

## 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 believes that proposed clarification will promote competition by making the enhanced functionality

available to market participants. The Exchange notes that similar functionality already exists on another trading floor.<sup>12</sup> As such, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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

The Exchange has 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: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act<sup>13</sup> and Rule 19b-4(f)(6)<sup>14</sup> thereunder.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

## IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

### Electronic Comments

- Use the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or

<sup>12</sup> *Id.*

<sup>13</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>14</sup> 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.

<sup>8</sup> The Exchange notes that similar functionality exists at NYSE Arca with respect to execution and priority for single leg orders on their trading floor. See NYSE Arca Rule 6.47-O(a)(3).

<sup>9</sup> 15 U.S.C. 78f(b).

<sup>10</sup> 15 U.S.C. 78f(b)(5).

<sup>11</sup> See *supra* note 6.

- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-BOX-2019-01 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-BOX-2019-01. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-BOX-2019-01 and should be submitted on or before March 4, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>15</sup>

**Eduardo A. Aleman,**  
Deputy Secretary.

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**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 33370; 812-14966]

### Yleana Advisors, LLC and Yleana Trust

February 6, 2019.

**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) of the Act 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; (f) certain Funds ("Feeder Funds") to create and redeem Creation Units in-kind in a master-feeder structure; and (g) the Funds to issue shares in less than Creation Unit size to investors participating in a distribution reinvestment program.

**Applicants:** Yleana Advisors, LLC (the "Initial Adviser"), a Delaware limited liability company registered as an investment adviser under the Investment Advisers Act of 1940, and Yleana Trust (the "Trust"), a Delaware statutory trust registered under the Act as an open-end management investment company with multiple series.

**Filing Dates:** The application was filed on October 16, 2018, and amended on December 31, 2018 and January 31, 2019.

**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 March 4, 2019, 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: Allison M. Fumai, Esq. and Stuart M. Strauss, Esq., Dechert LLP, 1095 Avenue of the Americas, New York, New York 10036.

**FOR FURTHER INFORMATION CONTACT:** Jill Corrigan, Senior Counsel, at (202) 551-8929, 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 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 purchased and redeemed at their NAV in Creation Units only (other than pursuant to a distribution reinvestment program described in the application). All orders to purchase Creation Units and all redemption requests will be

<sup>1</sup> Applicants request that the order apply to the new series of the Company described in the application, as well as to additional series of the Company and any other open-end management investment company or series thereof that currently exist or that may be created in the future (each, included in the term "Fund"), each of which will operate as an actively-managed ETF. Any Fund will (a) be advised by MFAM or an entity controlling, controlled by, or under common control with MFAM (each such entity and any successor thereto is included in the term "Adviser") and (b) comply with the terms and conditions of the application. For purposes of the requested Order, the term "successor" is limited to an entity that results from a reorganization into another jurisdiction or a change in the type of business organization.

<sup>15</sup> 17 CFR 200.30-3(a)(12).