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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-83596; File No. SR-CboeBZX-2018-047]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing of a Proposed Rule Change to Amend BZX Rule 14.8, General Listings Requirements – Tier I

July 5, 2018.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on June 21, 2018, Cboe BZX Exchange, Inc. (“Exchange” or “BZX”) 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 Exchange. 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

The Exchange filed a proposal to amend the listing rules under Rule 14.8, titled “General Listing Requirements – Tier I,” in order to adopt listing standards for closed-end funds.

The text of the proposed rule change is available at the Exchange’s website at www.markets.cboe.com, at the principal office of the Exchange, 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant parts 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 its listing rules in Rule 14.8 in order to add listing standards applicable to Closed-End Funds³ based on existing criteria applicable to Closed-End Funds listed on NYSE American LLC (“NYSE American”).⁴ Specifically, the Exchange is proposing to add new paragraphs (e) and (i) under Rule 14.8 related to the initial and continued listing requirements for Closed-End Funds, respectively, as well as to make certain corresponding changes.

Initial Listing

As proposed, a Closed-End Fund must meet the initial listing requirements for either an individual Closed-End Fund (the “Individual CEF Standard”) or a Group⁵ of Closed-End Funds

³ As defined in proposed Rule 14.8(a), the term Closed-End Fund means a Closed-End Management Investment Company registered under the Investment Company Act of 1940.

⁴ The Exchange notes that the proposed quantitative rules are substantively identical to the listing standards applicable to Closed-End Funds on NYSE American. Specifically, the proposed quantitative rules are substantively identical to the following sections in the NYSE American Company Guide: 101(g), 102(a), and 1003(b)(v).

⁵ As defined in proposed Rule 14.8(e)(2), a “Group” is a group of Closed-End Funds which are or will be listed on the Exchange, and which are managed by a common investment adviser or investment advisers who are “affiliated persons” as defined in Section 2(a)(3) of the Investment Company Act of 1940 as amended. Section 2(a)(3) of the Investment Company Act of 1940 defines affiliated person of another person as “(A) any person directly or indirectly owning, controlling, or holding with power to vote, 5 per centum or more of the outstanding voting securities of such other person; (B) any person 5 per centum or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other person; (C) any person directly or indirectly controlling, controlled by, or under common control with, such other person;

(the “Group CEF Standard”), as provided below, before being listed on the Exchange. The Individual CEF Standard requires: (a) a public distribution (which includes both shareholders of record and beneficial holders, but excludes the holdings of officers, directors, controlling shareholders, and other concentrated (i.e. 10% or greater), affiliated or family holdings (“Public Shareholders”)) (a “Public Distribution”) of (i) at least 500,000 shares where there are at least 800 Public Shareholders, except that companies that are not banks whose securities are concentrated in a limited geographical area, or whose securities are largely held in block by institutional investors, are normally not considered eligible for listing unless the Public Distribution appreciably exceeds 500,000 shares;⁶ or (ii) at least 1,000,000 shares where there are at least 400 Public Shareholders; (b) a Public Distribution with a Market Value or net assets of at least \$20 million; (c) a minimum bid price of at least \$4 per share; and (d) at least three registered and active Market Makers. The Group CEF Standard requires that a Closed-End Fund which is part of a Group be subject to the following criteria: (a) the Group has a Public Distribution with a Market Value or net assets of at least \$75 million; (b) the Closed-End Funds in the Group have a Public Distribution with an average Market Value or average net assets of at least \$15 million; (c) each Closed-End Fund in the Group has a Public Distribution with a Market Value or net assets of at least \$10 million; and (d) each Closed-End Fund in the Group has: (i) a Public Distribution of: (a) at least 500,000 shares where there are at least 800 Public

(D) any officer, director, partner, copartner, or employee of such other person; (E) if such other person is an investment company, any investment adviser thereof or any member of an advisory board thereof; and (F) if such other person is an unincorporated investment company not having a board of directors, the depositor thereof.”

⁶ The Exchange notes that where the Public Distribution appreciably exceeds 500,000 shares for companies that are not banks whose securities are concentrated in a limited geographical area, or whose securities are largely held in block by institutional investors, the 800 Public Shareholders requirement would also apply.

Shareholders, except that companies that are not banks whose securities are concentrated in a limited geographical area, or whose securities are largely held in block by institutional investors, are normally not considered eligible for listing unless the Public Distribution appreciably exceeds 500,000 shares; or (b) at least 1,000,000 shares where there are at least 400 Public Shareholders; (ii) a minimum bid price of at least \$4 per share; and (iii) at least three registered and active Market Makers.

Continued Listing

As proposed, The Exchange will consider the suspension of trading in and will initiate delisting proceedings (and are not eligible to follow the cure procedures outlined in Rule 14.12) for a Closed-End Fund where: (a) the Market Value of the Public Distribution and net assets each are less than \$5,000,000 for more than 60 consecutive days; (b) the Closed-End Fund no longer qualifies as a closed-end fund under the Investment Company Act of 1940 (unless the resultant entity otherwise qualifies for listing); or (c) it appears that the extent of Public Distribution, the Market Value of such Public Distribution, or net assets of such Public Distribution has become so reduced as to make further dealings on the Exchange inadvisable. Any failure to meet any of the continued listing requirements will subject the applicable Closed-End Fund to delisting proceedings in accordance with the provisions set forth in Rule 14.12.

Trading Rules

Closed-End Funds are equity securities, thus rendering trading in Closed-End Funds subject to the Exchange's existing rules governing the trading of equity securities. The Exchange will allow trading in Closed-End Funds from 8:00 a.m. until 5:00 p.m. Eastern Time and the Exchange has appropriate rules to facilitate such transactions during all trading sessions. As provided in Rule 11.11(a), the minimum price variation for quoting and entry of orders in

Closed-End Funds traded on the Exchange will be \$0.01, with the exception of securities that are priced less than \$1.00, for which the minimum price variation for quoting and order entry will be \$0.0001.

Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in a Closed-End Fund. The Exchange will halt trading in a Closed-End Fund under the conditions specified in Rule 11.18. Trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These include whether unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.

Surveillance

The Exchange believes that its surveillance procedures are adequate to properly monitor the trading of Closed-End Funds on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws. Trading of Closed-End Funds through the Exchange will be subject to the Exchange's surveillance procedures for ETPs.

Governance

Any Closed-End Funds listed on the Exchange will be subject to the governance requirements in Rule 14.10 applicable to all management investment companies listed on the Exchange, including Closed-End Funds, except as provided in the exceptions to certain governance requirements for management investment companies as provided under Rule 14.10(e)(1)(E) and Interpretation and Policy .13 of Rule 14.10(e). The Exchange notes that its governance requirements for Closed-End Funds are substantially similar to those applicable to

Closed-End Funds listed on NYSE American.

Other Changes

The Exchange is also proposing to make certain renumbering changes to Rule 14.8 in order to accommodate the other proposed rule changes described herein.

Listing Fees

The Exchange plans to separately submit a proposal to amend Rule 14.13 related to listing fees in order to implement fees applicable to Closed-End Funds prior to this proposal becoming operational.

2. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act⁷ in general and Section 6(b)(5) of the Act⁸ in particular in that it is 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 facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system. The Exchange believes that the proposed rules will facilitate the listing and trading of additional types of exchange-traded products on the Exchange that will enhance competition among market participants, to the benefit of investors and the marketplace. In addition, the listing and trading criteria set forth in the proposed rules are intended to protect investors and the public interest.

As noted above, the Exchange's proposed quantitative and qualitative listing requirements related to Closed-End Funds are substantively identical to those of NYSE

⁷ 15 U.S.C. 78f.

⁸ 15 U.S.C. 78f(b)(5).

American and, as such, the proposed rule change is consistent with the protection of investors and the public interest. Additionally, the proposal is designed to prevent fraudulent and manipulative acts and practices, as any Closed-End Funds listed on the Exchange will be required to meet these proposed new rules related to initial and continued listing and will be subject to existing Exchange trading rules, trading halts, governance, and surveillance procedures, as set forth above.

The proposal is also designed to promote just and equitable principles of trade by way of the proposed initial and continued listing standards, which is further bolstered by the requirement that any failure to meet any of the continued listing requirements will subject the applicable Closed-End Fund to delisting proceedings in accordance with the provisions set forth in Rule 14.12. These requirements, together with the applicable Exchange equity trading rules (which will apply to Closed-End Funds listed under the proposed criteria), ensure that no investor would have an unfair advantage over another respecting the trading of Closed-End Funds. On the contrary, all investors will have the same access to trading in Closed-End Funds listed on the Exchange, as is the case for all other products listed and/or traded on the Exchange, all to the benefit of public customers and the marketplace as a whole.

On the whole, the proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of an additional product type on the Exchange that will enhance competition among market participants, to the benefit of investors and the marketplace.

For the above reasons, the Exchange believes that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act.

(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 not necessary or appropriate in furtherance of the purposes of the Act, as amended. Instead, the proposal is a competitive one which would facilitate the listing and trading of Closed-End Funds on the Exchange, which the Exchange believes will enhance competition among exchanges that list Closed-End Funds, to the benefit of investors, issuers, and the marketplace generally.

(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 written comments on the proposed rule change.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be 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 e-mail to rule-comments@sec.gov. Please include File Number SR-CboeBZX-2018-047 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-CboeBZX-2018-047. This file number should be included on the subject line if e-mail 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 will also 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-CboeBZX-2018-047 and should be submitted on or before **[INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁹

Eduardo A. Aleman,
Assistant Secretary.

⁹ 17 CFR 200.30-3(a)(12).

