

Sub's provision of advisory services. In addition, the growth in the Company's advisory business through the Adviser Sub will enable the Company to add advisory personnel that it could not on its own, such as additional portfolio managers and investment analysts, who will be available to provide advisory services both to the Company and to the Managed Accounts of the Adviser Sub and further enhance the experience and relationships of the Company's investment team. Without the growth of the Company's advisory business through the Adviser Sub, the Company would not have the ability to support such additional advisory personnel. Applicant also states that the Adviser Sub's organization as a wholly owned portfolio company of the Company and registration as an investment adviser would permit the Adviser Sub to operate the business of managing the Managed Accounts as a direct or an indirect wholly owned taxable portfolio company of the Company, thereby protecting the Company's RIC status.

9. Applicant represents that the Company's Board, including a majority of the disinterested directors, found that the Company organizing, acquiring, and wholly owning 100% of the equity interest in the Adviser Sub subsequent to its registration as an investment adviser is in the best interests of the Company and its shareholders. Applicant agrees that the Board will review at least annually the investment advisory business of the Adviser Sub to determine whether such business should be continued and whether the benefits derived by the Company from the Adviser Sub's business warrant the continued ownership of the Adviser Sub. Applicant states that shareholders of the Company will be provided with notice, in advance of, or concurrent with, the Adviser Sub's start of investment advisory activities.

10. Accordingly, Applicant represents that the requested relief is both necessary and 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.

*Applicant's Conditions:*

Applicant agrees that the Order of the Commission granting the requested relief shall be subject to the following conditions:

1. The determination to enter into the advisory business through the Adviser Sub has been made by a vote of at least a majority of the Board who are not "interested persons" of the Company as defined in section 2(a)(19).

2. The Company will wholly own and control the Adviser Sub. The Company

will not have an investment adviser within the meaning of section 2(a)(20). Only persons acting in their capacities as directors, officers or employees of the Company will provide advisory services to the Company.

3. In each of its annual reports to shareholders and in future registration statements, the Company will discuss the existence of the Adviser Sub and the provision by the Adviser Sub of outside advisory services as well as include an assessment of whatever risks, if any, are associated with the existence of the Adviser Sub and its provision of such services.

4. The Adviser Sub will not make any proprietary investment that the Company would be prohibited from making directly under the Company's investment objectives, policies and restrictions or under any applicable law.

5. In assessing compliance with the asset coverage requirements under section 18 of the Act, the Company will deem the assets, liabilities, and indebtedness of the Adviser Sub as its own.

6. The Board will review at least annually the investment advisory business of the Adviser Sub to determine whether such business should be continued and whether the benefits derived by the Company from the Adviser Sub's business warrant the continued ownership of the Adviser Sub and, if appropriate, approve (by a vote of at least a majority of its directors who are not "interested persons" as defined in the Act) at least annually such continuation. In determining whether the investment advisory business of the Adviser Sub should be continued and whether the benefits derived by the Company from the Adviser Sub's business warrant the continued ownership of the Adviser Sub, the Board will take into consideration, among other things, the following: (a) the compensation of the officers of the Company and of the Adviser Sub; (b) all investments by and investment opportunities considered for the Company that relate to any investments by or investment opportunities considered for a client of the Adviser Sub; and (c) the allocation of expenses associated with the provision of advisory services between the Company and the Adviser Sub.<sup>6</sup>

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

<sup>6</sup> Such expenses may include: administration and operating expenses; investment research expenses; sales and marketing expenses; office space and general expenses; and direct expenses, including legal and audit fees, directors' fees and taxes.

Dated: November 15, 2022.

**Sherry R. Haywood,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

**[SEC File No. 270-115, OMB Control No.3235-0132]**

### Proposed Collection; Comment Request; Extension: 7a-15 Through 7a-37

*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 ("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.

Rules 7a-15 through 7a-37 (17 CFR 260.7a-15—260.7a-37) under the Trust Indenture Act of 1939 (15 U.S.C. 77aaa *et seq.*) set forth the general requirements as to form and content of applications, statements and reports that must be filed under the Trust Indenture Act. The respondents are persons and entities subject to requirements of the Trust Indenture Act. Trust Indenture Act Rules 7a-15 through 7a-37 are disclosure guidelines and do not directly result in any collection of information. The rules are assigned only one burden hour for administrative convenience.

*Written comments are invited on:* (a) whether this proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden imposed by 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 in writing within 60 days of this publication by January 17, 2023.

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.

Please direct your written comment to David Bottom, Director/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](mailto:PRA_Mailbox@sec.gov).

Dated: November 14, 2022.

**Sherry R. Haywood,**  
Assistant Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-96322; File No. SR-NYSEARCA-2022-76]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rule 7.31-E

November 15, 2022.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 2, 2022, NYSE Arca, Inc. ("NYSE Arca" or the "Exchange") filed with the Securities and Exchange Commission (the "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.

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

The Exchange proposes to amend Rule 7.31-E regarding Discretionary Pegged Orders. The proposed rule change is available on the Exchange's website at [www.nyse.com](http://www.nyse.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 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 those 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 parts of such statements.

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

###### 1. Purpose

The Exchange proposes to (1) amend Rule 7.31-E to delete Commentary .03 to end the temporary suspension of the Discretionary Pegged Order, and (2) amend Rule 7.31-E(h)(3) to modify the operation of the Discretionary Pegged Order.

The Discretionary Pegged Order is a non-displayed order to buy (sell) that is pegged to the same side of the PBBO and assigned a working price equal to the lower (higher) of the midpoint of the PBBO (the "Midpoint Price") or the limit price of the order.<sup>3</sup> A Discretionary Pegged Order will exercise the least amount of discretion necessary from its working price to its discretionary price (defined as the lower (higher) of the Midpoint Price or the limit price of the order) to trade with contra-side interest. Current Rule 7.31-E(h)(3)(C) provides that a Discretionary Pegged Order will not exercise discretion if the PBBO is determined to be unstable via a "quote instability calculation" that assesses the probability of a change to the PBB or PBO. Specifically, as set forth in current Rule 7.31-E(h)(3)(D), the Exchange uses the quote instability calculation along with real-time relative quoting activity of protected quotations to assess the probability of an imminent change to the PBBO (the "quote instability factor"). When the quoting activity meets predefined criteria described in Rule 7.31-E(h)(3)(D)(i)(A) through (C) and the quote instability factor calculated is greater than the Exchange's quote instability threshold (defined in Rule 7.31-E(h)(3)(D)(i)(D)(2)), the Exchange treats the quote as unstable. The quote stability calculation utilizes quote stability coefficients and quote stability variables, as defined in Rules 7.31-E(h)(3)(D)(i)(D)(1)(a) and (b). In July 2022, the Exchange modified the quote stability calculation to incorporate updated quote stability coefficients that would allow the quote stability

<sup>3</sup> See Rule 7.31-E(h)(3). As defined in NYSE Arca Rule 1.1, "PBBO" means the Best Protected Bid and the Best Protected Offer. Rule 1.1 also defines "PBB" as the highest Protected Bid and "PBO" as the lowest Protected Offer.

calculation to more accurately identify changes to the PBBO.<sup>4</sup>

#### End of Temporary Suspension

In August 2022, the Exchange added Commentary .03 to Rule 7.31-E to provide for the temporary suspension of the Discretionary Pegged Order.<sup>5</sup> The Exchange determined to temporarily suspend use of the Discretionary Pegged Order to evaluate system performance impacts following the modification of the quote stability coefficients, as described above. Commentary .03 to Rule 7.31-E provides that the Exchange will submit a proposed rule filing to end the temporary suspension and will provide notice of the end of the suspension period by Trader Update.

The Exchange now proposes to end the temporary suspension period, as it has assessed system performance impact and is prepared to resume offering the Discretionary Pegged Order, as modified by this filing. The Exchange also proposes to delete Commentary .03 from 7.31-E to remove text that would no longer have application once the temporary suspension is lifted.

#### Modification of Discretionary Pegged Orders

The Exchange proposes to amend Rule 7.31-E(h)(3) to modify the operation of Discretionary Pegged Orders following the end of the temporary suspension period. As noted above, the temporary suspension period provided the Exchange with an opportunity to evaluate the impact of the order type on system performance. Based on the Exchange's assessment of such impact, and, specifically, the system resources required to perform the quote stability calculation, the Exchange now proposes to modify Rule 7.31-E(h)(3) to provide that the Discretionary Pegged Order would not be restricted from exercising discretion during periods of quote instability, thereby eliminating the need to perform the quote stability calculation.

As proposed, the Discretionary Pegged Order would operate as defined in Rule 7.31-E(h)(3) and as specified in current Rules 7.31-E(h)(3)(A), (B), and (E), without any changes except that the order would continue to exercise the least amount of price discretion

<sup>4</sup> See Securities Exchange Act Release No. 95154 (June 24, 2022), 87 FR 39134 (June 30, 2022) (SR-NYSEArca-2022-13) (Notice of Filing of Amendment No. 2 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 2, To Amend Rule 7.31-E(h)(3) Relating to Discretionary Pegged Orders).

<sup>5</sup> See Securities Exchange Act Release No. 95584 (August 23, 2022), 87 FR 52826 (August 29, 2022) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 7.31-E).

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

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