

Sent via Electronic Submission

August 29, 2016

Mr. Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington D.C. 20549

Re: Release No. IC-31933; File No. S7-24-15; Use of Derivatives by Registered Investment Companies and Business Development Companies

Dear Mr. Fields:

Wolverine Asset Management, LLC (“WAM”)¹ appreciates the opportunity to comment on the Securities and Exchange Commission’s (the “Commission”) proposed Rule 18f-4 (the “Proposed Rule”)² under the Investment Company Act of 1940, as amended (the “1940 Act”). WAM’s comments are limited to the compliance period for the Proposed Rule and the potential effect on existing instruments.

In the Proposing Release, the Commission generally proposed a compliance period of 18 months for larger entities and an extra 12 (or 30 total months) for smaller entities. WAM urges the Commission to consider the potential impact to existing open interest in Long-Term Equity Anticipation Securities (LEAPS) overlying several leveraged instruments which may be affected by the Proposed Rule when determining the compliance date. In order to minimize the potential for disruption to the value of LEAPS contracts that were entered into by market participants prior to the issuance of the Proposing Release, WAM believes that when enacted, the effective date of the Proposed Rule should be after the longest-dated LEAPs, which is currently January 2018.

As of August 15, 2016, there are approximately 1.4 million contracts outstanding in the aforementioned LEAPS products, with expirations listed out to January 2018. These contracts were entered into by market participants in good faith for an extended period of time prior to the issuance of the Proposing Release. WAM is concerned that enactment of the Proposed Rule prior to the expiration of the longest-dated listed series could have an unintended yet dramatic impact on the pricing of these instruments. Furthermore, WAM believes that this would potentially represent the largest option pricing disruption caused by a non-market-related factor in options

¹ WAM is a Chicago-based SEC-registered investment adviser.

² See Use of Derivatives by Registered Investment Companies and Business Development Companies, 80 Fed. Reg. 80,883 (Dec. 28, 2015), available at <https://www.gpo.gov/fdsys/pkg/FR-2015-12-28/pdf/2015-31704.pdf> (the “Proposing Release”).

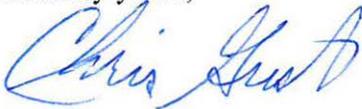
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market history. Individual customers and institutional investors alike could be materially and substantially harmed by the potentially dramatic change in pricing.

Additionally, WAM is concerned that enactment of the Proposed Rule prior to the expiration of existing contracts would have a detrimental impact on future liquidity in such products. Due to uncertainty surrounding the compliance date for the Proposed Rule, WAM has already noticed a general decrease in trading volumes and concurrent widening of bid-ask spreads in these products. Thus, we believe that participants may be considerably less likely to transact such products in the future knowing that subsequent regulatory action could ultimately modify the terms and conditions of these instruments and impair their value.

The originally proposed compliance period of 18 to 30 months (from today's date) would be sufficient to avoid the potential for investor harm and negative impact on market integrity. Thus, WAM strongly urges the Commission to ensure that the compliance date for the Proposed Rule remains no earlier than, February 2018. WAM thanks the Commission for the consideration of its comments and welcomes the opportunity to discuss this matter further if needed.

Sincerely yours,



Christopher L. Gust
Chief Investment Officer