

full participation exercise by March 2013, rather than in CY 2012, places the exercise outside of the required biennium. Since the last biennial EP exercise on November 16, 2010, the licensee has conducted two full-scale combined functional drills/dryruns involving onsite and offsite functions in preparation for the scheduled November 7, 2012 biennial exercise, as well as, numerous documented training evolutions supported through the Commonwealth of Massachusetts, local EPZ and Reception Community Offices of Emergency Management and support organizations. In addition, the Commonwealth of Massachusetts participated in two FEMA-evaluated exercises in conjunction with the Vermont Yankee Nuclear Power Plant and Seabrook Nuclear Power Plant, on February 9, 2011 and January 24, 2012, respectively, along with multiple practice drills/tabletop related to each evaluated exercise. While these drills and training sessions did not exercise all of the proposed rescheduled offsite functions, they support the licensee's assertion that it has had a continuing level of engagement with the State and local authorities to maintain licensee/governmental interfaces. The NRC considers the intent of this requirement is met by having conducted these drills and training sessions.

The NRC has determined that no new accident precursors are created by allowing the licensee to postpone the selected offsite portions of the exercise from CY 2012 until March 2013. Further, the probability and consequences of postulated accidents are not increased. Therefore, the exemption does not create undue risk to public health and safety.

#### *Consistent With Common Defense and Security*

The proposed exemption would allow rescheduling of the specific offsite portions of the biennial EP exercise from the previously scheduled date of November 7, 2012, until March 2013. This change to the EP exercise schedule has no relation to security issues. Therefore, the common defense and security is not impacted by this exemption.

#### *Special Circumstances*

In order to grant exemptions in accordance with 10 CFR 50.12, special circumstances must be present. Special circumstances as described in 10 CFR 50.12 that apply to this exemption request are stated in 10 CFR 50.12(a)(2)(ii) and (v). Special circumstances, per 10 CFR 50.12(a)(2)(ii), are present when:

“Application of the regulation in the particular circumstances would not serve the underlying purpose of the rule or is not necessary to achieve the underlying purpose of the rule.” Section IV.F.2.c of 10 CFR part 50, Appendix E requires licensees to exercise offsite plans biennially with full or partial participation by each offsite authority having a role under the plan. The underlying purposes of 10 CFR part 50, Appendix E, Section IV.F.2.c, requiring licensees to exercise offsite plans with offsite authority participation, is to test and maintain interfaces among affected State and local authorities and the licensee. No deficiencies were identified by FEMA during the previous PNPS biennial exercise, conducted on November 16, 2010, as documented in the PNPS After Action Report/Improvement Plan, published by FEMA on January 26, 2011 (ADAMS Accession No. ML11223A279).

Under 10 CFR 50.12(a)(2)(v), special circumstances are present whenever the exemption would provide only temporary relief from the applicable regulation and the licensee or applicant has made good faith efforts to comply with the regulation. Since the previous biennial exercise on November 16, 2010, the licensee has conducted two full-scale combined functional drills/dryruns involving onsite and offsite functions in preparation for the scheduled November 7, 2012 biennial exercise, as well as, numerous documented training evolutions that involved interface with State and local authorities in 2011 and 2012. The NRC considers that these measures are adequate to test and maintain interfaces with affected State and local authorities during this period, satisfying the underlying purpose of the rule. As such, the NRC considers the licensee to have made good faith efforts to comply with the regulation. Also, the requested exemption to conduct the offsite portion of the PNPS Biennial Exercise in March 2013 instead of CY 2012 would grant only temporary relief from the applicable regulation. Therefore, since the underlying purpose of 10 CFR part 50, Appendix E, Section IV.F.2.c, is achieved, the licensee has made a good faith effort to comply with the regulation, and the exemption would grant only temporary relief from the applicable regulation. The special circumstances required by 10 CFR 50.12(a)(2)(ii and v) exist for the granting of an exemption.

#### **4.0 Conclusion**

Accordingly, the Commission has determined that, pursuant to 10 CFR 50.12, the exemption is authorized by

law, will not present an undue risk to the public health and safety, and is consistent with the common defense and security. Also, special circumstances are present consistent with 10 CFR 50.12. Therefore, the Commission hereby grants Entergy Nuclear Operations, Inc. an exemption from the requirements of 10 CFR Part 50, Appendix E, Section IV.F.2.c, to conduct the offsite portion of the PNPS Biennial Exercise required for 2012, permitting that part of the exercise to be conducted in coordination with NRC Region I, FEMA, and PNPS schedules by the end of March 2013.

Pursuant to 10 CFR 51.32, the Commission has determined that the granting of this exemption will not have a significant effect on the quality of the human environment (77 FR 76541, December 28, 2012).

This exemption is effective upon issuance.

Dated at Rockville, Maryland, this 28th day of December 2012.

For the Nuclear Regulatory Commission.

**Jessie F. Quichocho,**

*Acting Director, Division of Operating Reactor Licensing, Office of Nuclear Reactor Regulation.*

[FR Doc. 2012-31709 Filed 1-3-13; 8:45 am]

**BILLING CODE 7590-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-68547; File No. SR-NYSEArca-2012-120]

### **Self-Regulatory Organizations; NYSE Arca, Inc.; Order Granting Approval of Proposed Rule Change To List and Trade Shares of the United States Asian Commodities Basket Fund Under NYSE Arca Equities Rule 8.200**

December 28, 2012.

#### **I. Introduction**

On October 25, 2012, NYSE Arca, Inc. (“Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (“Commission”), 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> a proposed rule change to list and trade shares (“Shares”) of the United States Asian Commodities Basket Fund (“Fund”) under NYSE Arca Equities Rule 8.200. The proposed rule change was published for comment in the **Federal**

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

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

Register on November 13, 2012.<sup>3</sup> The Commission received no comments on the proposed rule change. This order grants approval of the proposed rule change.

## II. Description of Proposed Rule Change

The Exchange proposes to list and trade Shares of the Fund pursuant to NYSE Arca Equities Rule 8.200, Commentary .02.<sup>4</sup> The Shares represent beneficial ownership interests in the Fund.<sup>5</sup> The Fund is a commodity pool that is a series of the United States Commodity Funds Trust I (“Trust”), a Delaware statutory trust. The Fund is managed and controlled by United States Commodity Funds LLC (“Sponsor”), a Delaware limited liability company that is registered as a commodity pool operator with the Commodity Futures Trading Commission (“CFTC”) and is a member of the National Futures Association. Brown Brothers Harriman & Co. Inc. is the administrator for the Trust (“Administrator”).

The net assets of the Fund will consist of (a) investments in futures contracts for Asian commodities (collectively, “Futures Contracts”) that are traded on the Chicago Mercantile Exchange (“CME”), Chicago Board of Trade (“CBOT”), the New York Mercantile Exchange (“NYMEX”), Commodity Exchange, Inc. (“COMEX”), ICE Futures US (“ICE US”), ICE Futures Canada (“ICE Canada”), ICE Futures Europe (“ICE Europe”), London Metal Exchange (“LME”), Tokyo Commodity Exchange (“TOCOM”), Dubai Mercantile Exchange (“DME”), and Bursa Malaysia (“Malaysia”) (each a “Futures Exchange” and collectively, “Futures Exchanges”), and (b) if applicable, other Asian commodities-related investments such as exchange-listed, cash-settled options on Futures Contracts, forward contracts for Asian commodities, cleared swap contracts, and over-the-counter transactions that are based on the price of Asian commodities, Futures Contracts, and indices based on the foregoing (collectively, “Other Asian

Commodities-Related Investments” and, together with Futures Contracts, “Asian Commodities Interests”). The Fund will also invest in short-term obligations of the United States of two years or less (“Treasuries”), cash, and cash equivalents for margining purposes and as collateral.

The Fund will invest in Asian Commodities Interests, to the fullest extent possible, without being leveraged or unable to satisfy its current or potential margin and/or collateral obligations with respect to its investments in Futures Contracts and Other Asian Commodities-Related Investments.<sup>6</sup> The primary focus of the Sponsor will be the investment in Futures Contracts and the management of the Fund’s investments in Treasuries, cash, and cash equivalents for margining purposes and as collateral.

The investment objective of the Fund (before fees and expenses) will be to have the daily changes in percentage terms of its net asset value (“NAV”) reflect the daily changes in percentage terms of the price of a basket (“Futures Basket”) of Futures Contracts selected by the Sponsor (“Benchmark Futures Contracts”), each of which tracks one of the Asian Benchmark Commodities. The “Asian Benchmark Commodities” will be commodities selected by the Sponsor<sup>7</sup> based on either their systemic importance to Asian economies, including the three major Asian economies of China, Japan, and India, or the fact that there are futures contracts relating to the commodity or commodities that trade on an Asian domiciled futures exchange. The Sponsor will select the Asian Benchmark Commodities based on the following four criteria:

- First, the physical commodity must be one in which the economies of China, Japan, and India annually consume 10% or more of global consumption based on publically available industry and government statistics.
- Second, the physical commodity must be one in which, based on publically available industry and government statistics, China, Japan, and India annually produce less of the commodity than they typically consume, indicating that they are likely

to be net importers of the commodity and not net exporters.

- Third, the Futures Contracts on the physical commodity must be traded on a regulated Futures Exchange in the United States, Canada, the United Kingdom, Japan, Dubai, Malaysia, or other domicile which allows a U.S. domiciled passive investment fund to buy and sell such contracts.

- Fourth and finally, the Futures Contracts traded on such commodities must have average open interest measured in U.S. dollars in excess of \$150 million at the time of the commodity’s selection. In the event the same or substantially similar physical contract is traded on more than one Futures Exchange, the minimum liquidity test will be applied to the exchange with the largest open interest U.S. dollar terms in that particular commodity.

The Asian Benchmark Commodities will be selected by the Sponsor in accordance with the above specific quantitative data. In the first quarter of each calendar year, the Sponsor will reevaluate the selection of Asian Benchmark Commodities based on the prior year’s data. As a result of changes in Asian commodity production, commodity consumption, net imports or exports of commodities, and changes in commodity futures contract liquidity, and in strict accordance with the criteria and factors listed above, the Sponsor may elect to add or delete a commodity from the list of Asian Benchmark Commodities, and thus the Futures Basket.<sup>8</sup> Under normal circumstances, the Sponsor anticipates that any changes in either the list of Asian Benchmark Commodities, the list of Benchmark Futures Contracts in the Futures Basket, or their weightings, would be made as part of the annual review process and disclosed to investors with no less than 30 days advanced notice of the change.

From time to time throughout the year, it is possible that the Sponsor may determine that a Futures Contract that is currently a Benchmark Futures Contract is no longer suitable due to changes in the liquidity of the Futures Contract or due to changes in the rules regarding that particular Futures Contract on its

<sup>8</sup>In making any such change, the Sponsor will file a prospectus supplement informing investors of the proposed changes no less than 30 days prior to the first month in which the commodity or commodities added will become part of the Asian Benchmark Commodities, or 30 days prior to the first month in which the commodity or commodities deleted will no longer be part of the Asian Benchmark Commodities. Any changes to the eligible Asian Benchmark Commodities will also be published on the Web site for the Fund.

<sup>3</sup> See Securities Exchange Act Release No. 68173 (November 6, 2012), 77 FR 67712 (“Notice”).

<sup>4</sup> Commentary .02 to NYSE Arca Equities Rule 8.200 applies to Trust Issued Receipts that invest in “Financial Instruments.” The term “Financial Instruments,” as defined in Commentary .02(b)(4) to NYSE Arca Equities Rule 8.200, means any combination of investments, including cash; securities; options on securities and indices; futures contracts; options on futures contracts; forward contracts; equity caps, collars, and floors; and swap agreements.

<sup>5</sup> See Amendment No. 2 to the registration statement on Form S-1 for the United States Commodity Funds Trust I, dated June 18, 2012 (File No. 333-177188) relating to the Fund (“Registration Statement”).

<sup>6</sup>The Sponsor represents that the Fund will invest in Asian Commodities Interests in a manner consistent with the Fund’s investment objective and not to achieve additional leverage.

<sup>7</sup>The Sponsor is not a broker-dealer or a registered investment adviser. The Sponsor represents that it will implement and maintain procedures designed to prevent the use and dissemination of material, non-public information regarding the Futures Basket.

regulated Futures Exchange.<sup>9</sup> In such cases, the Sponsor would first attempt to select another Futures Contract based on the same commodity that trades on either the current regulated Futures Exchange, or trades on another regulated Futures Exchange, and disclose on the Fund's Web site and in a prospectus supplement that the new Futures Contract will become a Benchmark Futures Contract for the relevant Asian Benchmark Commodity and the prior Benchmark Futures Contract for such Asian Benchmark Commodity would be deleted. In the event that the Sponsor determined that no other existing Futures Contract is a suitable replacement, then the Sponsor would file a prospectus supplement and post on the Web site indicating that the relevant Benchmark Futures Contract would no longer be included as part of the Futures Basket. In cases where a suitable Benchmark Futures Contract no longer exists, the Sponsor will also remove the underlying commodity from the list of Asian Benchmark Commodities.<sup>10</sup> Although the Sponsor would normally seek to provide at least 30 days' notice of any such change, specific circumstances could mean that the Sponsor would be unable to provide that amount of advanced notice.

The Benchmark Futures Contracts may trade on any of the Futures Exchanges. It is not the intent of the Fund to be operated in a fashion such that its NAV will equal, in dollar terms, the spot price of any particular commodity or any particular Benchmark Futures Contract. It is not the intent of the Fund to be operated in a fashion such that its NAV will reflect the percentage change of the price of the Futures Basket as measured over a time period greater than one day. The Sponsor does not believe that is an achievable goal due to the potential impact of backwardation and contango on returns of any portfolio of futures contracts.

The Fund will seek to achieve its investment objective by investing in Futures Contracts and, if applicable, Other Asian Commodities-Related Investments such that the daily changes in the Fund's NAV will closely track changes in the daily price of the Futures Basket. The Sponsor believes changes in

the price of the Benchmark Futures Contracts have historically exhibited a close correlation with the changes in the price of the corresponding Asian Benchmark Commodities. On any valuation day (a valuation day is any NYSE Arca trading day as of which the Fund calculates its NAV), each Benchmark Futures Contract will be the near month contract for the corresponding Asian Benchmark Commodity traded on the Futures Exchange where such Benchmark Futures Contract is listed, unless the near month contract will expire within four business days prior to the end of the month. Only the Benchmark Futures Contracts that will be reaching expiration in the upcoming month will be sold and the next Futures Contract for that commodity that expires later than the upcoming month, the next month contract, will be used to replace the contract being sold. Benchmark Futures Contracts which are not reaching expiration in the upcoming month will not be "rolled" forward.

The Fund will invest in Benchmark Futures Contracts to the fullest extent possible, turning next to investments in other Futures Contracts, and finally to Other Asian Commodities-Related Investments only if required to by applicable regulatory requirements or under adverse market conditions.<sup>11</sup> The types of regulatory requirements and market conditions that would cause the Fund to invest in this manner are of a limited nature. An example of a regulatory requirement that would cause the Fund to invest in Futures Contracts or Other Asian Commodities-Related Investments other than Benchmark Futures Contracts would be where the Fund received payment from an authorized purchaser for the issuance of a creation basket, but could not invest the payment in Benchmark Futures Contracts because doing so would cause the Fund to exceed the position limits applicable to such Benchmark Futures Contracts. Imposition of other regulatory requirements, such as accountability levels, daily price fluctuation limits, or the imposition of capital controls on foreign investments, may cause the Fund to invest in Futures Contracts or Other Asian Commodities-Related Investments other than Benchmark

Futures Contracts.<sup>12</sup> Adverse market conditions that the Sponsor currently anticipates could cause the Fund to invest in Futures Contracts and Other Asian Commodities-Related Investments other than the Benchmark Futures Contracts would be those allowing the Fund to obtain greater liquidity or to execute transactions with more favorable pricing.

More specifically, if applicable regulatory requirements or adverse market conditions make investing in Benchmark Futures Contracts impracticable, the Fund would then invest to the fullest extent possible in other Futures Contracts that, while relating to the same commodity and trading on the same Futures Exchange as a Benchmark Futures Contract, have a different expiration date. If and when investing in such other Futures Contracts becomes impracticable because of regulatory requirements or adverse market conditions, the Fund would then invest to the fullest extent possible in Futures Contracts that, while relating to the same commodity as the corresponding Benchmark Futures Contract, are traded on a different futures exchange. Only when the Fund has invested in Benchmark Futures Contracts and other Futures Contracts to the fullest extent possible in the manner described above will it then invest in Other Asian Commodities-Related Investments.<sup>13</sup>

<sup>12</sup> U.S. designated contract markets such as the CME, CBOT, COMEX, NYMEX, and ICE US have established accountability levels and position limits on the maximum net long or net short futures contracts in commodity interests that any person or group of persons under common trading control (other than as a hedge, which an investment by the Fund is not) may hold, own, or control. In addition to accountability levels and position limits, the regulated Futures Exchanges may also set daily price fluctuation limits on futures contracts. The daily price fluctuation limit establishes the maximum amount that the price of a futures contract may vary either up or down from the previous day's settlement price. Once the daily price fluctuation limit has been reached in a particular futures contract, no trades may be made at a price beyond that limit.

Imposition of, or changes in, accountability levels, position limits or fluctuation limits on futures contracts could constitute a regulatory requirement that would cause the Fund to invest in Futures Contracts or Other Asian Commodities-Related Investments other than Benchmark Futures Contracts. All of these limits may potentially cause a tracking error between the price of the Shares and the price of the Futures Basket. This may in turn prevent investors from being able to effectively use the Fund as a way to hedge against Asian commodities-related losses or as a way to indirectly invest in Asian commodities.

<sup>13</sup> The Fund anticipates that, to the extent it invests in Futures Contracts other than the Benchmark Futures Contracts and Other Asian Commodities-Related Investments that are not economically equivalent to the Benchmark Futures Contracts, it will enter into various non-exchange-

<sup>9</sup> An example would be a case where a Futures Contract's liquidity (average open interest) has decreased to under \$150 million.

<sup>10</sup> In a case where an underlying commodity is removed from the list of Asian Benchmark Commodities as described, if a Futures Contract in such commodity becomes available at some later date, the underlying commodity would be eligible for selection as an Asian Benchmark Commodity in the annual review process.

<sup>11</sup> "Adverse market conditions" as used herein includes, but is not limited to, those conditions whereby the Sponsor believes the price of the Benchmark Futures Contract appears adversely impacted or economically dislocated compared to substantially similar Futures Contracts, *i.e.*, those futures contracts of the same commodity as the Benchmark Futures Contract, but traded on a different exchange.

The Sponsor will endeavor to place the Fund's trades in Asian Commodities Interests and otherwise manage the Fund's investments so that "A" will be within plus/minus 10 percent of "B," where:

• A is the average daily percentage change in the Fund's NAV for any period of 30 successive valuation days

(i.e., any NYSE Arca trading day as of which the Fund calculates its NAV); and

• B is the average daily percentage change in the price of the Futures Basket over the same period.

The current Asian Benchmark Commodities, the Sponsor's estimate of the percentage of global production and

consumption for each commodity that is attributable to China, Japan, and India combined, and the current assigned base weight of each commodity for use in the Futures Basket are shown in the table below.

#### ASIAN BENCHMARK COMMODITIES

(as of December 31, 2011)

Commodity	China, Japan, and India's share of global production (percent)	China, Japan, and India's share of global consumption (percent)	Current base weight (percent)
Crude Oil .....	5.9	19.0	22
Gasoil .....	5.9	19.0	2
Corn .....	23.3	24.6	10
Soybeans .....	9.1	32.1	10
Wheat .....	32.3	32.6	10
Copper .....	4.8	60.9	10
Zinc .....	34.5	48.9	5
Nickel .....	4.3	41.6	5
Sugar .....	24.4	26.2	5
Platinum .....	0	41.9	5
Gold .....	13.1	63.8	5
Silver .....	15.1	66.8	5
Canola Oil .....	15	44.7	2
Palm Oil .....	0	40.1	2
Rubber .....	14.6	47.3	2
Total .....			100

A list of the current Benchmark Futures Contracts and their weighting in the Futures Basket is shown in the table below.

#### BENCHMARK FUTURES CONTRACTS

Commodity	Primary futures exchange	Trading hours (eastern time)	Contract ticker or code	Contract size	Pricing convention	Futures basket weighting (percent)
Crude Oil-Light/Sweet-Brent .....	ICE Europe .....	8 p.m.–6 p.m.* .....	CO .....	1,000	USD/bbl .....	20.0
Crude Oil-Medium-DME/Oman .....	DME/CME** .....	6 p.m.–5:15 p.m.* .....	OQD .....	1,000	USD/bbl .....	2.0
Gasoil .....	ICE Europe .....	8 p.m.–6 p.m.* .....	QS .....	100	USD/Tonne .....	2.0
Corn .....	CBOT .....	8:30 a.m.–12:15 p.m. ....	ZC .....	5,000	c/bu .....	10.0
Soybeans .....	CBOT .....	8:30 a.m.–12:15 p.m. ....	ZS .....	5,000	c/bu .....	10.0
Wheat .....	CBOT .....	8:30 a.m.–12:15 p.m. ....	ZW .....	5,000	c/bu .....	10.0
Copper .....	COMEX .....	8:10 a.m.–1 p.m. ....	HG .....	25,000	USD/lb .....	10.0
Zinc .....	LME .....	8 p.m.–2 p.m. ....	LX .....	25	USD/Tonne .....	5.0
Nickel .....	LME .....	8 p.m.–2 p.m. ....	LN .....	6	USD/Tonne .....	5.0
Sugar .....	ICE US .....	3:30 a.m.–2 p.m. ....	SB .....	112,000	c/lb .....	5.0
Platinum .....	TOCOM*** .....	7 p.m.–1:30 a.m.* .....	JA .....	500	JPY/g .....	5.0
Gold .....	COMEX .....	8:20 a.m.–1:30 p.m. ....	GC .....	100	USD/T.Oz .....	5.0
Silver .....	COMEX .....	8:25 a.m.–1:25 p.m. ....	SI .....	5,000	USD/T.Oz .....	5.0
Canola Oil .....	ICE Canada .....	8 p.m.–2:15 p.m. ....	RS .....	20	CAD/Tonne .....	2.0
Palm Oil .....	Bursa Malaysia/CME** .....	7 p.m.–3:50 a.m.* .....	KO .....	25	MYR/Tonne .....	2.0
Rubber .....	TOCOM .....	7 p.m.–1:30 a.m.* .....	JN .....	5,000	JPY/kg .....	2.0
Total .....						100

\* Trading ends on next calendar day.

\*\* Non-U.S. Futures Contracts that are also cross-listed on the CME and trade during U.S. market hours.

\*\*\* A substantially similar, but not identical, physically settled Futures Contract trades in the U.S. on the CME.

traded derivative contracts to hedge the short-term price movements of such Futures Contracts and

Other Asian Commodities-Related Investments against the current Benchmark Futures Contracts.

The Sponsor believes that market arbitrage opportunities will cause daily changes in the Fund's Share price on the Exchange to closely track daily changes in the Fund's NAV per Share. The Sponsor believes that the net effect of this expected relationship and the expected relationship described above between the Fund's NAV and the Futures Basket will be that the daily changes in the price of the Fund's Shares on the Exchange will closely track in percentage terms, changes in the Futures Basket less the Fund's expenses.

The Sponsor will employ a "neutral" investment strategy intended to track the changes in the Futures Basket regardless of whether the price goes up or goes down. The Fund's "neutral" investment strategy is designed to permit investors generally to purchase and sell the Fund's Shares for the purpose of trading indirectly in the commodities market in a cost-effective manner, and/or to permit participants in the commodities or other industries to hedge the risk of losses in their Asian Commodities Interests. Accordingly, depending on the investment objective of an individual investor, the risks generally associated with investing in the Asian commodities market and/or the risks involved in hedging may exist. In addition, an investment in the Fund involves the risk that the changes in the price of the Fund's Shares will not accurately track changes in the Futures Basket and that changes in the Benchmark Futures Contracts will not closely correlate with changes in the prices of the corresponding Asian Benchmark Commodities. Furthermore, the Fund will also hold Treasuries, cash, and/or cash equivalents to meet its current or potential margin or collateral requirements with respect to its investments in Asian Commodities Interests and invest cash not required to be used as margin or collateral. The Fund does not expect there to be any meaningful correlation between the performance of the Fund's investments in Treasuries, cash, and/or cash equivalents and the changes in the prices of commodities or Asian Commodities Interests. While the level of interest earned on or the market price of these investments may in some respect correlate to changes in the prices of commodities, this correlation is not anticipated as part of the Fund's efforts to meet its objective.

Each month, the Benchmark Futures Contracts will change, starting four business days prior to the end of the month. Only the near month Benchmark Futures Contracts that will be reaching expiration in the upcoming month will

be sold. The next Benchmark Futures Contract for the relevant Asian Benchmark Commodity that expires later than the upcoming month, the "next month contract," will be used to replace the Benchmark Futures Contract being sold. Near month Benchmark Futures Contracts which are not reaching expiration in the upcoming month will not be "rolled" forward. During the first three days of such period, the applicable value of each Benchmark Futures Contract being rolled forward will be based on a combination of the corresponding near month contract and the next month contract as follows:

(1) Day 1 will consist of 75% of the then near month contract's total return for the day, plus 25% of the total return for the day of the next month contract,

(2) Day 2 will consist of 50% of the then near month contract's total return for the day, plus 50% of the total return for the day of the next month contract, and

(3) Day 3 will consist of 25% of the then near month contract's total return for the day, plus 75% of the total return for the day of the next month contract.

On day 4, such Benchmark Futures Contract will be the next month contract to expire at that time. That contract will remain the Benchmark Futures Contract until the following month's change in the Benchmark Futures Contract, the period for which begins four business days prior to the end of the month.

The Sponsor will attempt to manage the credit risk of the Fund by following certain trading limitations and policies. In particular, the Fund intends to post margin and collateral and/or hold liquid assets that will be equal to approximately the face amount of the Asian Commodity Interests it holds. The Sponsor will implement procedures that will include, but will not be limited to, executing and clearing trades and entering into over-the-counter transactions only with parties it deems creditworthy and/or requiring the posting of collateral by such parties for the benefit of the Fund to limit its credit exposure. To reduce the credit risk that arises in connection with over-the-counter derivative contracts, the Fund will generally enter into an agreement with each counterparty based on the Master Agreement published by the International Swaps and Derivatives Association, Inc. ("ISDA") that provides for the netting of its overall exposure to its counterparty.

The creditworthiness of each potential counterparty will be assessed by the Sponsor. The Sponsor will assess or review, as appropriate, the

creditworthiness of each potential or existing counterparty to an over-the-counter contract pursuant to guidelines approved by the Sponsor. Furthermore, the Sponsor on behalf of the Fund will only enter into over-the-counter contracts with counterparties who are, or are affiliates of, (a) Banks regulated by a United States federal bank regulator, (b) broker-dealers regulated by the Commission, (c) insurance companies domiciled in the United States, and (d) producers, users, or traders of commodities, whether or not regulated by the CFTC. Existing counterparties will be reviewed periodically by the Sponsor. The Fund also may require that the counterparty be highly rated and/or provide collateral or other credit support.

A more detailed description of the Fund and the Shares, as well as of the investment strategies and risks, creation and redemption procedures, and fees, among other things, is included in the Notice and the Registration Statement, as applicable.<sup>14</sup>

### III. Discussion and Commission's Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of Section 6 of the Act<sup>15</sup> and the rules and regulations thereunder applicable to a national securities exchange.<sup>16</sup> In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,<sup>17</sup> which requires, among other things, that the Exchange's rules 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 facilitating transactions in securities, 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 Commission notes that the Fund and the Shares must comply with the requirements of NYSE Arca Equities Rule 8.200 and Commentary .02 thereto to be listed and traded on the Exchange.

The Commission finds that the proposal to list and trade the Shares on the Exchange is consistent with Section 11A(a)(1)(C)(iii) of the Act,<sup>18</sup> which sets

<sup>14</sup> See *supra* notes 3 and 5.

<sup>15</sup> 15 U.S.C. 78f.

<sup>16</sup> In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>17</sup> 15 U.S.C. 78f(b)(5).

<sup>18</sup> 15 U.S.C. 78k-1(a)(1)(C)(iii).

forth Congress's finding that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with respect to quotations for, and transactions in, securities. Quotation and last-sale information for the Shares will be disseminated through the facilities of the Consolidated Tape Association ("CTA"). The intraday, closing prices, and settlement prices of the Futures Contracts held by the Fund are readily available from the Web sites of the relevant Futures Exchanges, automated quotation systems, published or other public sources, or on-line information services such as Bloomberg or Reuters. Complete real-time data for the Futures Contracts is available by subscription from Reuters and Bloomberg. The relevant Futures Exchanges also provide delayed futures information on current and past trading sessions and market news free of charge on their respective Web sites. The specific contract specifications for the Futures Contracts are also available on such Web sites, as well as other financial informational sources. Information regarding exchange-traded cash-settled options and cleared swap contracts will be available from the applicable exchanges and major market data vendors. Further, the Fund will provide Web site disclosure of portfolio holdings daily and will include, as applicable, the composite value of the total portfolio; the name, percentage weighting, and value of each Benchmark Futures Contract; the specific types, percentage weightings, and values of Other Asian Commodities-Related Investments and characteristics of such Other Asian Commodities-Related Investments; the name and value of each Treasury security and cash equivalent; and the amount of cash held in the Fund's portfolio. This Web site disclosure will occur at the same time as the disclosure by the Sponsor of the portfolio composition to authorized participants so that all market participants are provided portfolio composition information at the same time. In addition, on each business day that the Exchange is open for trading, the Fund will disclose on its Web site the contents and percentage weighting of the Futures Basket and the list and percentage weighting of the Asian Benchmark Commodities. The sources the Sponsor uses to determine global production, consumption, and economic tendencies will also be available on the Fund's Web site. The intraday indicative fund value

("IFV")<sup>19</sup> will be widely disseminated by one or more major market data vendors at least every 15 seconds during the NYSE Arca Core Trading Session.<sup>20</sup> In addition, the value of the Futures Basket will be disseminated at least every 15 seconds. The NAV of the Fund will be released after 4:00 p.m. E.T. and will be disseminated daily to all market participants at the same time.<sup>21</sup> The Exchange will make available on its Web site daily trading volume of the Shares, closing prices of the Shares, and number of Shares outstanding.

The Commission further believes that the proposal to list and trade the Shares is reasonably designed to promote fair disclosure of information that may be necessary to price the Shares appropriately and to prevent trading when a reasonable degree of transparency cannot be assured. If the Exchange becomes aware that the NAV with respect to the Shares is not disseminated to all market participants at the same time, it will halt trading in the Shares until such time as the NAV is available to all market participants. Further, the Exchange represents that it

<sup>19</sup> The IFV will be calculated by using the prior day's closing NAV per Share of the Fund as a base and updating that value throughout the trading day to reflect changes in the most recently reported price level of the Benchmark Futures Contracts as reported by Bloomberg, L.P. or another reporting service. The Exchange represents that the normal trading hours of the Futures Exchanges vary, with some Futures Exchanges ending their trading hours before the close of the NYSE Arca Core Trading Session (for example, the normal trading hours of the NYMEX are 10:00 a.m. to 2:30 p.m. Eastern Time or "E.T."). When the Fund holds Futures Contracts from Futures Exchanges with different trading hours than the Exchange, there will be a gap in time at the beginning and/or the end of each day during which the Shares are traded on NYSE Arca, but real-time Futures Exchange trading prices for Futures Contracts traded on such Futures Exchanges are not available. During such gaps in time, the IFV will be calculated based on the end of day price of such Futures Contracts from the relevant Futures Exchange's immediately previous trading session. In addition, other Futures Contracts, Other Asian Commodities-Related Investments, and Treasuries held by the Fund will be valued by the Administrator, using rates and points received from client-approved third party vendors (such as Reuters and WM Company) and advisor quotes, and these investments will not be included in the IFV.

<sup>20</sup> According to the Exchange, several major market data vendors display and/or make widely available IFVs taken from the CTA or other data feeds.

<sup>21</sup> Trading during the Core Trading Session (9:30 a.m. to 4:00 p.m. E.T.) on the Exchange typically closes at 4:00 p.m. E.T. The Administrator will use the closing prices on the relevant Futures Exchanges of the Benchmark Futures Contracts (determined at the earlier of the close of such exchange or 2:30 p.m. E.T.) for the contracts traded on the Futures Exchanges, but will calculate or determine the value of all other Fund investments using market quotations, if available, or other information customarily used to determine the fair value of such investments as of the earlier of the close of the NYSE Arca or 4:00 p.m. E.T.

may halt trading during the day in which an interruption to the dissemination of the IFV, the value of the Futures Basket, or the value of the underlying Futures Contracts occurs. If the interruption persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption. The Exchange may halt trading in the Shares if trading is not occurring in the underlying futures contracts, or if other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.<sup>22</sup> The Exchange states that it has a general policy prohibiting the distribution of material, non-public information by its employees. Moreover, the trading of the Shares will be subject to NYSE Arca Equities Rule 8.200, Commentary .02(e), which sets forth certain restrictions on Equity Trading Permit ("ETP") Holders<sup>23</sup> acting as registered Market Makers<sup>24</sup> in Trust Issued Receipts to facilitate surveillance. The Exchange is able to obtain information regarding trading in the Shares, the physical commodities included in, or options, futures, or options on futures on, Shares through ETP Holders, in connection with such ETP Holders' proprietary trades or customer trades through ETP Holders which they effect on any relevant market. The Exchange can obtain market surveillance information, including customer identity information, with respect to transactions occurring on exchanges that are members of the Intermarket Surveillance Group ("ISG"), including CME, COMEX, CBOT, NYMEX, ICE US, ICE Canada, DME, and Malaysia. In addition, the Exchange has entered into comprehensive surveillance sharing agreements with ICE Europe and LME that apply with respect to trading in the applicable Futures Contracts. The Sponsor represents that it will implement and maintain procedures designed to prevent the use and dissemination of material non-public information regarding the Futures Basket.

The Exchange represents that the Shares are deemed to be equity

<sup>22</sup> With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares. Trading in the Shares will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 have been reached. Trading also may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable.

<sup>23</sup> See NYSE Arca Equities Rule 1.1(n) (defining ETP Holder).

<sup>24</sup> See NYSE Arca Equities Rule 1.1(v) (defining Market Maker).

securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. In support of this proposal, the Exchange has made representations, including:

(1) The Fund and the Shares will meet the initial and continued listing requirements applicable to Trust Issued Receipts in NYSE Arca Equities Rule 8.200 and Commentary .02 thereto.

(2) The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions.

(3) The Exchange's surveillance procedures applicable to derivative products, which include Trust Issued Receipts, are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws.

(4) Prior to the commencement of trading, the Exchange will inform its ETP Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. Specifically, the Information Bulletin will discuss the following: (a) The risks involved in trading the Shares during the Opening and Late Trading Sessions when an updated IFV will not be calculated or publicly disseminated; (b) the procedures for purchases and redemptions of Shares in creation baskets and redemption baskets (and that Shares are not individually redeemable); (c) NYSE Arca Equities Rule 9.2(a), which imposes a duty of due diligence on its ETP Holders to learn the essential facts relating to every customer prior to trading the Shares; (d) how information regarding the IFV is disseminated; (e) that a static IFV will be disseminated, between the close of trading on the applicable Futures Exchange and the close of the NYSE Arca Core Trading Session; (f) the requirement that ETP Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (g) trading information.

(5) With respect to application of Rule 10A-3 under the Act,<sup>25</sup> the Trust relies on the exception contained in Rule 10A-3(c)(7).<sup>26</sup>

(6) The Asian Benchmark Commodities will be selected by the Sponsor in accordance with the above four specific quantitative criteria. In the first quarter of each calendar year, the Sponsor will reevaluate the selection of Asian Benchmark Commodities based on the prior year's data. As a result of changes in Asian commodity

production, commodity consumption, net imports or exports of commodities, and changes in commodity futures contract liquidity, and in strict accordance with the criteria and factors set forth above, the Sponsor may elect to add or delete a commodity from the list of Asian Benchmark Commodities, and thus the Futures Basket. In making any such change, the Sponsor will file a prospectus supplement informing investors of the proposed changes no less than 30 days prior to the first month in which the commodity or commodities added will become part of the Asian Benchmark Commodities, or 30 days prior to the first month in which the commodity or commodities deleted will no longer be part of the Asian Benchmark Commodities. Any changes to the eligible Asian Benchmark Commodities will also be published on the Web site for the Fund.

(7) The Fund will invest in Benchmark Futures Contracts to the fullest extent possible, turning next to investments in other Futures Contracts, and finally to Other Asian Commodities-Related Investments only if required to by applicable regulatory requirements or in adverse market conditions, each as described herein. The Sponsor represents that the Fund will invest in Asian Commodities Interests in a manner consistent with the Fund's investment objective and not to achieve additional leverage.

(8) With respect to the Fund's investments in Futures Contracts traded on exchanges, not more than 10% of the weight of such Futures Contracts in the aggregate shall consist of components whose principal trading market is not a member of ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement.

(9) The Sponsor will attempt to manage the credit risk of the Fund by following certain trading limitations and policies, including, but not limited to the following: (a) The Fund intends to post margin and collateral and/or hold liquid assets that will be equal to approximately the face amount of the Asian Commodity Interests it holds; (b) the Sponsor will implement procedures that will include, but will not be limited to, executing and clearing trades and entering into over-the-counter transactions only with parties it deems creditworthy and/or requiring the posting of collateral by such parties for the benefit of the Fund to limit its credit exposure; and (c) with respect to over-the-counter derivative contracts, the Fund will generally enter into an agreement with each counterparty based on the Master Agreement published by

ISDA that provides for the netting of its overall exposure to its counterparty.

(10) In addition, the Sponsor will assess or review, as appropriate, the creditworthiness of each potential or existing counterparty to an over-the-counter contract pursuant to guidelines approved by the Sponsor. Furthermore, the Sponsor on behalf of the Fund will only enter into over-the-counter contracts with counterparties who are, or are affiliates of, (a) banks regulated by a United States federal bank regulator, (b) broker-dealers regulated by the Commission, (c) insurance companies domiciled in the United States, and (d) producers, users, or traders of commodities, whether or not regulated by the CFTC. Existing counterparties will be reviewed periodically by the Sponsor. The Fund also may require that the counterparty be highly rated and/or provide collateral or other credit support.

(11) A minimum of 100,000 Shares of the Fund will be outstanding at the commencement of trading on the Exchange.

This approval order is based on all of the Exchange's representations and description of the Fund, including those set forth above and in the Notice.<sup>27</sup>

For the foregoing reasons, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act<sup>28</sup> and the rules and regulations thereunder applicable to a national securities exchange.

#### IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>29</sup> that the proposed rule change (SR-NYSEArca-2012-120) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>30</sup>

**Elizabeth M. Murphy,**  
Secretary.

[FR Doc. 2012-31668 Filed 1-3-13; 8:45 am]

**BILLING CODE 8011-01-P**

<sup>27</sup> The Commission notes that it does not regulate the market for futures in which the Fund plans to take positions, which is the responsibility of the CFTC. The CFTC has the authority to set limits on the positions that any person may take in futures. These limits may be directly set by the CFTC or by the markets on which the futures are traded. The Commission has no role in establishing position limits on futures even though such limits could impact an exchange-traded product that is under the jurisdiction of the Commission.

<sup>28</sup> 15 U.S.C. 78f(b)(5).

<sup>29</sup> 15 U.S.C. 78s(b)(2).

<sup>30</sup> 17 CFR 200.30-3(a)(12).

<sup>25</sup> 17 CFR 240.10A-3.

<sup>26</sup> 17 CFR 240.10A-3(c)(7).