

### *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. To the contrary, the Exchange believes that the proposal will result in the Exchange operating in a more efficient way. The adoption of a less burdensome quoting obligation on NYSE MKT Market Makers during the auction process will allow them to compete more effectively with their counterparts on other options exchanges that are similarly not subject to a narrow-width bid-ask differential applicable during auctions. In addition, the proposed rule change is pro-competitive on both an inter-market and intra-market basis in that it is not only designed to help the Exchange compete more effectively with other options exchanges with similar rules, but could also lead to increased participation by a greater number of Market Makers on the Exchange during the auction process because of the more flexible quoting obligations it would impose.

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

No written comments were solicited or received with respect to the proposed rule change.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>14</sup> and Rule 19b-4(f)(6) thereunder.<sup>15</sup> Because the 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 prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.

At any time within 60 days of the filing of such 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 under Section 19(b)(2)(B)<sup>16</sup> of the Act to determine whether the proposed rule change 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
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEMKT-2013-96 on the subject line.

#### *Paper Comments*

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSEMKT-2013-96. 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 Web site (<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 Web site 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 NYSE's principal office and on its Internet Web site at [www.nyse.com](http://www.nyse.com). All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEMKT-2013-96 and should be submitted on or before December 31, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>17</sup>

**Kevin M. O'Neill,**  
*Deputy Secretary.*

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## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-70986; File No. SR-BATS-2013-051]

### **Self-Regulatory Organizations; BATS Exchange, Inc.; Order Granting Approval of Proposed Rule Change To List and Trade Shares of the iShares Liquidity Income Fund**

December 4, 2013.

#### **I. Introduction**

On September 19, 2013, BATS Exchange, Inc. ("Exchange" or "BATS") 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 iShares Liquidity Income Fund ("Fund"). The proposed rule change was published for comment in the **Federal Register** on October 22, 2013.<sup>3</sup> The Commission received no comments on the proposal. This order grants approval of the proposed rule change.

#### **II. Description of the Proposed Rule Change**

The Exchange proposes to list and trade the Shares of the Fund pursuant to BATS Rule 14.11(i), which governs the listing and trading of Managed Fund Shares on the Exchange. The Shares will be offered by iShares U.S. ETF Trust ("Trust"), which was established as a Delaware statutory trust on June 21,

<sup>14</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>15</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>16</sup> 15 U.S.C. 78s(b)(2)(B).

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

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

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

<sup>3</sup> See Securities Exchange Act Release No. 70608 (October 3, 2013), 78 FR 62791 ("Notice").

2011.<sup>4</sup> BlackRock Fund Advisors is the investment adviser (“Adviser”) to the Fund.<sup>5</sup> State Street Bank and Trust Company is the administrator, custodian, and transfer agent for the Trust. BlackRock Investments, LLC serves as the distributor for the Trust. The Exchange represents the Adviser is not a registered broker-dealer, but is affiliated with multiple broker-dealers, and has implemented fire walls with respect to those broker-dealers regarding access to information concerning the composition of or changes to the Fund’s portfolio.<sup>6</sup>

#### Description of the Fund and the Shares

The Fund will seek to provide current income consistent with preservation of capital. To achieve its objective, the Fund will invest, under normal circumstances,<sup>7</sup> at least 80% of its net assets in a portfolio of U.S.-dollar-denominated, investment-grade, fixed- and floating-rate debt securities (“Fixed Income Securities”). The Fund will not be a money market fund and thus will not seek to maintain a stable net asset value of \$1.00 per Share. In the absence of normal circumstances, the Fund may temporarily depart from its normal investment process, provided that such a departure is, in the opinion of the Adviser, consistent with the Fund’s investment objective and in the best interest of the Fund. For example, the

Fund may hold a higher-than-normal proportion of its assets in cash in response to adverse market, economic, or political conditions.

The Fund will hold Fixed Income Securities of at least 13 non-affiliated issuers. The Fund will not purchase the securities of issuers conducting their principal business activity in the same industry if, immediately after the purchase and as a result thereof, the value of the Fund’s investments in that industry would equal or exceed 25% of the current value of the Fund’s total assets, provided that this restriction does not limit the Fund’s: (i) Investments in securities of other investment companies; (ii) investments in securities issued or guaranteed by the U.S. government or its agencies or instrumentalities; or (iii) investments in repurchase agreements collateralized by U.S. government securities. The Fund will not invest in non-U.S. equity securities.

According to the Exchange, the Fund intends to qualify each year as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended.<sup>8</sup> According to the Exchange, the Fund will invest its assets, and will otherwise conduct its operations, in a manner that is intended to satisfy the qualifying income, diversification, and distribution requirements necessary to establish and maintain RIC qualification under Subchapter M.

#### Fixed Income Securities

According to the Exchange, the Fund intends to achieve its investment objective by investing, under normal circumstances, at least 80% of its net assets in a portfolio of U.S.-dollar-denominated, investment-grade Fixed Income Securities that are rated BBB- or higher by Standard & Poor’s Financial Services LLC or Fitch Inc. (“Fitch”), rated Baa3 or higher by Moody’s Investors Service, Inc. (“Moody’s”), or, if unrated, determined by the Adviser to be of equivalent quality.<sup>9</sup> Under normal circumstances, the Fund will invest primarily in Fixed Income Securities maturing in three years or less. Under normal circumstances, short-term

investments (generally, securities with original maturities of one year or less) held by the Fund will carry a rating in the highest two-rating categories of at least one nationally recognized statistical ratings organization (e.g., A–2, P–2, or F2 or better by Standard & Poor’s Ratings Services, Moody’s, or Fitch, respectively) or will, if unrated, have been determined to be of comparable quality by the Adviser, at the time of investment.

According to the Exchange, Fixed Income Securities will include fixed- and floating-rate debt securities, such as corporate<sup>10</sup> and government bonds, agency securities,<sup>11</sup> instruments of non-U.S. issuers, privately-issued securities,<sup>12</sup> structured securities,<sup>13</sup> municipal bonds, money market securities,<sup>14</sup> and investment companies

<sup>10</sup> While the Fund is permitted to invest without restriction in corporate bonds, the Adviser expects that, under normal circumstances, the Fund will generally seek to invest in corporate bond issuances that have at least \$100 million par amount outstanding in developed countries and at least \$200 million par amount outstanding in emerging market countries.

<sup>11</sup> According to the Exchange, the term “agency securities” for these purposes generally includes securities issued by the following entities: Government National Mortgage Association (Ginnie Mae); Federal National Mortgage Association (Fannie Mae); Federal Home Loan Banks (FHLBanks); Federal Home Loan Mortgage Corporation (Freddie Mac); Farm Credit System (FCS) Farm Credit Banks (FCBanks); Student Loan Marketing Association (Sallie Mae); Resolution Funding Corporation (REFCORP); Financing Corporation (FICO); and the Farm Credit System (FCS) Financial Assistance Corporation (FAC). Agency securities can include, but are not limited to, mortgage-backed securities.

<sup>12</sup> According to the Exchange, “privately-issued securities” generally include Rule 144A securities and, in this context, may include both mortgage-backed and non-mortgage Rule 144A securities.

<sup>13</sup> According to the Exchange, “structured securities” generally include privately-issued and publicly-issued structured securities, including certain publicly-issued structured securities that are not agency securities. Examples include, but are not limited to: Asset-backed securities backed by assets such as consumer receivables, credit cards, student loans, and equipment leases; asset-backed commercial paper; credit linked notes; and secured funding notes.

<sup>14</sup> According to the Exchange, the Adviser expects that, under normal circumstances, the Fund intends to invest in money market securities (as described below) in a manner consistent with its investment objective in order to help manage cash flows in and out of the Fund, such as in connection with payment of dividends or expenses, and to satisfy margin requirements, to provide collateral, or to otherwise back investments in derivative instruments. For these purposes, money market securities include: Short-term, high-quality obligations issued or guaranteed by the U.S. Treasury or the agencies or instrumentalities of the U.S. government; short-term, high-quality securities issued or guaranteed by non-U.S. governments, agencies, and instrumentalities; repurchase agreements; money market mutual funds; commercial paper; and deposits and other obligations of U.S. and non-U.S. banks and financial institutions. All money market securities

Continued

<sup>4</sup> The Trust is registered as an open-end investment company under the Investment Company Act of 1940 (“1940 Act”). See Registration Statement on Form N-1A for the Trust, dated February 4, 2013 (File Nos. 333–179904 and 811–22649) (“Registration Statement”). The Commission has issued an order granting certain exemptive relief under the Investment Company Act of 1940 (15 U.S.C. 80a–1) (“1940 Act”) (“Exemptive Order”). See Investment Company Act Release No. 29571 (January 24, 2011) (File No. 812–13601).

<sup>5</sup> BlackRock Fund Advisors is an indirect, wholly-owned subsidiary of BlackRock, Inc.

<sup>6</sup> See BATS Rule 14.11(i)(7). The Exchange represents further that, in the event (a) the Adviser becomes a broker-dealer or newly affiliated with a broker-dealer, or (b) any new adviser or sub-adviser is a broker-dealer or becomes affiliated with a broker-dealer, the Adviser will implement a fire wall with respect to its relevant personnel or its broker-dealer affiliate, as applicable, regarding access to information concerning the composition of or changes to the portfolio and will be subject to procedures designed to prevent the use and dissemination of material, non-public information regarding such portfolio.

<sup>7</sup> According to the Exchange, the term “under normal circumstances” includes, but is not limited to, the absence of adverse market, economic, political, or other conditions, including extreme volatility or trading halts in the fixed income markets or the financial markets generally; operational issues causing dissemination of inaccurate market information; or force majeure type events such as systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption, or any similar intervening circumstance.

<sup>8</sup> 26 U.S.C. 851.

<sup>9</sup> The Adviser may determine that unrated Fixed Income Securities are of “equivalent quality” based on such credit quality factors as it deems appropriate, which may include among other things, performing an analysis similar, to the extent possible, to that performed by a nationally recognized statistical ratings organization when rating similar securities and issuers. In making such a determination, the Adviser may consider internal analyses and risk ratings, third party research and analysis, and other sources of information, as deemed appropriate by the Adviser.

(including investment companies advised by the Adviser or its affiliates) that invest in such Fixed Income Securities.<sup>15</sup> The Fund may invest up to 5% of its net assets in Fixed Income Securities and instruments of issuers that are domiciled in emerging market countries.

The Fund will invest in asset-backed and mortgage-backed Fixed Income Securities.<sup>16</sup> Asset-backed securities are fixed-income securities that are backed by a pool of assets, usually loans such as installment sale contracts or credit card receivables. Mortgage-backed securities are asset-backed securities based on a particular type of asset, a mortgage. According to the Exchange, there are a wide variety of mortgage-backed securities involving commercial or residential, fixed-rate or adjustable-rate mortgages, and mortgages issued by banks or government agencies.<sup>17</sup>

According to the Exchange, the Fund's investments will be consistent with the Fund's investment objective and will not be used to enhance leverage. The Exchange states that, under normal circumstances, the dollar-weighted average life of the Fund's portfolio is expected to be one year or

acquired by the Fund will be rated investment grade. The Fund does not intend to invest in any unrated money market securities. However, the Exchange states that the Fund may do so to a limited extent—for example, when a rated money market security becomes unrated, if that money market security is determined by the Adviser to be of comparable quality to investment grade money market securities. The Adviser may determine that unrated securities are of comparable quality to investment grade securities based on such credit quality factors as it deems appropriate, which may include, among other things, performing an analysis similar, to the extent possible, to that performed by a nationally recognized statistical rating organization rating similar securities and issuers.

<sup>15</sup> According to the Exchange, the Fund currently anticipates investing in only registered open-end investment companies, including mutual funds and the open-end investment company funds described in BATS Rule 14.11, but the Exchange notes that the Exemptive Order allows the Fund to invest in "shares of other ETFs, shares of money market mutual funds, or other investment companies."

<sup>16</sup> The Fund has not established a fixed limit to the amount of asset-backed and mortgage-backed debt securities in which it will invest, but the Exchange represents that, as noted above, at least 80% of the Fund's net assets will be, under normal circumstances, invested in investment-grade Fixed Income Securities; that neither high-yield, asset-backed securities nor high-yield mortgage-backed securities are included in the Fund's principal investment strategies; and that the Fund's portfolio will meet certain criteria of the Exchange's generic listing standards for index-based, fixed-income exchange-traded funds. See, *infra*, note 20. The exchange states that the liquidity of a security, especially in the case of asset-backed and mortgage-backed debt securities, is a substantial factor in the Fund's security selection process, and the Commission notes that the Fund may not invest more than 15% of its net assets in illiquid securities.

<sup>17</sup> See *supra* note 11.

less, as calculated by the Adviser,<sup>18</sup> and that the Fund will also seek to maintain a dollar-weighted average maturity that is less than 180 days.<sup>19</sup>

The Fund is an actively-managed fund that does not seek to replicate the performance of a specified index. The Exchange notes, however, that the Fund's portfolio will meet certain criteria for index-based, fixed income exchange-traded funds contained in Rule 14.11(c)(4)(B)(i).<sup>20</sup>

#### Other Portfolio Holdings

The Fund may, to a limited extent (under normal circumstances, less than 20% of the Fund's net assets), engage in transactions in futures contracts, options, and swaps.<sup>21</sup>

The Fund may hold up to an aggregate amount of 15% of its net assets in illiquid securities (calculated at the time of investment), including Rule 144A securities deemed illiquid by the

<sup>18</sup> Dollar-weighted average life is the weighted average of the times when principal is to be repaid.

<sup>19</sup> According to the Exchange, dollar-weighted average maturity is calculated by taking the average length of time to maturity (fixed-rate) or the next interest rate reset (floating-rate) for each underlying instrument held by the Fund, weighted according to the relative holdings per instrument.

<sup>20</sup> See BATS Rule 14.11(c)(4)(B)(i) governing fixed income based Index Fund Shares. The Fund's portfolio will meet the following requirements of Rule 14.11(c)(4)(B)(i): (i) The index or portfolio must consist of Fixed Income Securities (Rule 14.11(c)(4)(B)(i)(a)); (ii) a component may be a convertible security, however, once the convertible security component converts to an underlying equity security, the component is removed from the index or portfolio (Rule 14.11(c)(4)(B)(i)(c)); (iii) no component fixed-income security (excluding Treasury Securities) will represent more than 30% of the weight of the index or portfolio, and the five highest weighted component fixed-income securities do not in the aggregate account for more than 65% of the weight of the index or portfolio (Rule 14.11(c)(4)(B)(i)(d)); (iv) an underlying index or portfolio (excluding exempted securities) must include securities from a minimum of 13 non-affiliated issuers (Rule 14.11(c)(4)(B)(i)(e)); and (v) component securities that in aggregate account for at least 90% of the weight of the index or portfolio must be either: (1) From issuers that are required to file reports pursuant to Sections 13 and 15(d) of the Act; (2) from issuers that have a worldwide market value of its outstanding common equity held by non-affiliates of \$700 million or more; (3) from issuers that have outstanding securities that are notes, bonds, debentures, or evidence of indebtedness having a total remaining principal amount of at least \$1 billion; (4) exempted securities as defined in Section 3(a)(12) of the Act; or (5) from issuers that are a government of a foreign country or a political subdivision of a foreign country (Rule 14.11(c)(4)(B)(i)(f)).

<sup>21</sup> Derivatives might be included in the Fund's investments to serve the investment objectives of the Fund. According to the Exchange, examples include, but are not limited to, treasury futures to hedge against rising interest rates, currency futures to hedge against foreign exchange rates, interest rate swaps, credit default swaps, total return swaps, and equity index options. The derivatives will be exchange traded or centrally cleared, and they will be collateralized. Derivatives are not a principal investment strategy of the Fund.

Adviser<sup>22</sup> under the 1940 Act. The Fund will monitor its portfolio liquidity on an ongoing basis to determine whether, in light of current circumstances, an adequate level of liquidity is being maintained, and will consider taking appropriate steps in order to maintain adequate liquidity if, through a change in values, net assets, or other circumstances, more than 15% of the Fund's net assets are held in illiquid securities. According to the Exchange, illiquid securities include securities subject to contractual or other restrictions on resale and other instruments that lack readily available markets as determined in accordance with Commission staff guidance.

Additional information regarding the Shares and the Fund, including investment strategies, risks, creation and redemption procedures, fees and expenses, portfolio holdings disclosure policies, calculation of net asset value ("NAV"), distributions, taxes, and reports to be distributed to beneficial owners of the Shares can be found in the Notice and Registration Statement, as applicable.<sup>23</sup>

### III. Discussion and Commission's Findings

The Commission has carefully reviewed the proposed rule change and finds that it is consistent with the requirements of Section 6 of the Act<sup>24</sup> and the rules and regulations thereunder applicable to a national securities exchange.<sup>25</sup> In particular, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act,<sup>26</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

<sup>22</sup> In reaching liquidity decisions, the Adviser may consider factors including: The frequency of trades and quotes for the security; the number of dealers wishing to purchase or sell the security and the number of other potential purchasers; dealer undertakings to make a market in the security; the nature of the security and the nature of the marketplace trades (e.g., the time needed to dispose of the security, the method of soliciting offers, and the mechanics of transfer); any legal or contractual restrictions on the ability to transfer the security or asset; significant developments involving the issuer or counterparty specifically (e.g., default, bankruptcy, etc.) or the securities markets generally; and settlement practices, registration procedures, limitations on currency conversion or repatriation, and transfer limitations (for foreign securities or other assets).

<sup>23</sup> See *supra* notes 3 and 4, respectively.

<sup>24</sup> 15 U.S.C. 78f.

<sup>25</sup> In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>26</sup> 15 U.S.C. 78f(b)(5).

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 proposed BATS Rule 14.11(i) to be listed and traded on the Exchange.

The Commission finds that the proposal is also consistent with Section 11A(a)(1)(C)(iii) of the Act,<sup>27</sup> which sets forth Congress' 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 available on the facilities of the Consolidated Tape Association ("CTA"). The Intraday Indicative Value ("IIV"), which will reflect an estimated intraday value of the Fund's portfolio and be based upon the current value for the components of the Disclosed Portfolio (as defined below), will be updated and widely disseminated by one or more major market data vendors at least every 15 seconds during the Exchange's Regular Trading Hours.<sup>28</sup> On each business day, before commencement of trading in Shares during Regular Trading Hours<sup>29</sup> on the Exchange, the Fund will disclose on its Web site the identities and quantities of the portfolio of securities and other assets ("Disclosed Portfolio") held by the Fund that will form the basis for the Fund's calculation of NAV at the end of the business day.<sup>30</sup> The NAV of the Fund's Shares generally will be calculated once daily Monday through Friday as of the close of regular trading on the New York Stock Exchange, generally 4:00 p.m. Eastern Time. Additionally, information regarding market price and volume of the Shares will be continually available on a real-time basis throughout the day on

brokers' computer screens and other electronic services. The previous day's closing price and trading volume information for the Shares will also be published daily in the financial section of newspapers. Intraday, executable price quotations on Fixed Income Securities and other assets are available from major broker-dealer firms and—for exchange-traded assets, including investment companies, futures, and options—intraday price and volume information is available directly from the applicable listing exchange. Intraday price and volume information is also available through subscription services, such as Bloomberg, Thomson Reuters, and International Data Corporation, which can be accessed by authorized participants and other investors. The Web site for the Fund will include a form of the prospectus for the Fund, additional data relating to NAV, and other applicable quantitative information.

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. The Commission notes that the Exchange will obtain a representation from the issuer of the Shares that the NAV per Share will be calculated daily and that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time.<sup>31</sup> Trading in the Shares also will be subject to BATS Rule 14.11(i)(4)(B)(iv), which sets forth circumstances under which Shares of the Fund may be halted.<sup>32</sup> The Exchange may halt trading in the Shares if trading is not occurring in the securities or the financial instruments constituting the Disclosed Portfolio of the Fund, or if other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.<sup>33</sup> Further, the Commission notes that the Reporting Authority that provides the Disclosed Portfolio must implement and maintain, or be subject to, procedures designed to

prevent the use and dissemination of material, non-public information regarding the actual components of the portfolio.<sup>34</sup> The Exchange states that it prohibits the distribution of material, non-public information by its employees. The Exchange also states that the Adviser is affiliated with multiple broker-dealers, and the Adviser has implemented fire walls with respect to those broker-dealers regarding access to information concerning the composition of or changes to the Fund's portfolio.<sup>35</sup> Moreover, the Exchange represents that it is able to obtain information via the Intermarket Surveillance Group ("ISG") from other exchanges that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

The Exchange further represents that the Shares are deemed to be equity 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 Shares will be subject to BATS Rule 14.11(i), which sets forth the initial and continued listing criteria applicable to Managed Fund Shares.

(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 Managed Fund Shares, are adequate to properly monitor the trading of the Shares on the Exchange during all trading sessions and to deter and detect violations of

<sup>34</sup> See BATS Rule 14.11(i)(4)(B)(ii)(B).

<sup>35</sup> See *supra* note 6 and accompanying text. An investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 ("Advisers Act"). As a result, the Adviser and its related personnel are subject to the provisions of Rule 204A-1 under the Advisers Act relating to codes of ethics. This Rule requires investment advisers to adopt a code of ethics that reflects the fiduciary nature of the relationship to clients as well as compliance with other applicable securities laws. Accordingly, procedures designed to prevent the communication and misuse of non-public information by an investment adviser must be consistent with Rule 204A-1 under the Advisers Act. In addition, Rule 206(4)-7 under the Advisers Act makes it unlawful for an investment adviser to provide investment advice to clients unless such investment adviser has (i) adopted and implemented written policies and procedures reasonably designed to prevent violation, by the investment adviser and its supervised persons, of the Advisers Act and the Commission rules adopted thereunder; (ii) implemented, at a minimum, an annual review regarding the adequacy of the policies and procedures established pursuant to subparagraph (i) above and the effectiveness of their implementation; and (iii) designated an individual (who is a supervised person) responsible for administering the policies and procedures adopted under subparagraph (i) above.

<sup>27</sup> 15 U.S.C. 78k-1(a)(1)(C)(iii).

<sup>28</sup> According to the Exchange, several major market data vendors display or make widely available IIVs published via the CTA or other data feeds. Quotations of certain of the Fund's holdings may not be updated during U.S. trading hours if those holdings do not trade in the United States or if updated prices cannot be ascertained.

<sup>29</sup> Regular Trading Hours are 9:30 a.m. to 4:00 p.m. Eastern Time.

<sup>30</sup> The Disclosed Portfolio will include, as applicable, the names, quantity, percentage weighting, and market value of Fixed Income Securities and other assets held by the Fund, and the characteristics of such assets. The Web site and information will be publicly available at no charge.

<sup>31</sup> See BATS Rule 14.11(i)(4)(A)(ii).

<sup>32</sup> See BATS Rule 14.11(i)(4)(B)(iv).

<sup>33</sup> See BATS Rule 14.11(i)(4)(B)(iii) (providing additional considerations for the suspension of trading in or removal from listing of Managed Fund Shares on the Exchange). With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Fund. The Exchange will halt trading in the Shares under the conditions specified in BATS Rule 11.18. 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.

Exchange rules and applicable federal securities laws.

(4) The Exchange may obtain information regarding trading in the Shares and the underlying shares in investment companies, futures, and options via the ISG, from other exchanges who are members or affiliates of the ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement.<sup>36</sup>

(5) Prior to the commencement of trading, the Exchange will inform its members in an Information Circular ("Circular") of the special characteristics and risks associated with trading the Shares. Specifically, the Circular will discuss the following: (a) The procedures for purchases and redemptions of Shares in Creation Units (and that Shares are not individually redeemable); (b) BATS Rule 3.7, which imposes suitability obligations on Exchange members with respect to recommending transactions in the Shares to customers; (c) how information regarding the IIV is disseminated; (d) the risks involved in trading the Shares during the Pre-Opening<sup>37</sup> and After Hours Trading Sessions<sup>38</sup> when an updated IIV will not be calculated or publicly disseminated; (e) the requirement that members deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (f) trading information.

(6) For initial and continued listing, the Fund must be in compliance with Rule 10A-3 under the Act.<sup>39</sup>

(7) The Fund may hold up to an aggregate amount of 15% of its net assets in illiquid securities (calculated at the time of investment), including Rule 144A securities deemed illiquid by the Adviser under the 1940 Act. The Fund will monitor its portfolio liquidity on an ongoing basis to determine whether, in light of current circumstances, an adequate level of liquidity is being maintained, and will consider taking appropriate steps in order to maintain adequate liquidity if, through a change in values, net assets, or other circumstances, more than 15% of the Fund's net assets are held in illiquid securities.

<sup>36</sup> The Exchange represents that all of the investment company securities, futures, and options will trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

<sup>37</sup> The Pre-Opening Session is from 8:00 a.m. to 9:30 a.m. Eastern Time.

<sup>38</sup> The After Hours Trading Session is from 4:00 p.m. to 5:00 p.m. Eastern Time.

<sup>39</sup> See 17 CFR 240.10A-3.

(8) The Fund may engage in derivatives transactions, including transactions in futures contracts, options, and swaps, to a limited extent (under normal circumstances, less than 20% of the Fund's net assets). The derivatives will be exchange-traded or centrally cleared, and they will be collateralized.

(9) The Fund's investments will be consistent with the Fund's investment objective and will not be used to enhance leverage.

(10) The Fund's portfolio will meet certain criteria for index-based, fixed income exchange-traded funds contained in Rule 14.11(c)(4)(B)(i).<sup>40</sup>

(11) The Fund will not invest in non-U.S. equity securities.

(12) A minimum of 100,000 Shares 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.

For the foregoing reasons, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act<sup>41</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>42</sup> that the proposed rule change (SR-BATS-2013-051) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>43</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2013-29386 Filed 12-9-13; 8:45 am]

**BILLING CODE 8011-01-P**

#### SECURITIES AND EXCHANGE COMMISSION

[File No. 500-1]

#### Guar Global Ltd.; Order of Suspension of Trading

December 6, 2013.

It appears to the Securities and Exchange Commission that the public interest and the protection of investors require a suspension of trading in the securities of Guar Global Ltd. ("Guar Global") because of concerns regarding the accuracy and adequacy of information in the marketplace and

<sup>40</sup> See *supra* note 20 and accompanying text.

<sup>41</sup> 15 U.S.C. 78f(b)(5).

<sup>42</sup> 15 U.S.C. 78s(b)(2).

<sup>43</sup> 17 CFR 200.30-3(a)(12).

potentially manipulative transactions in Guar Global's common stock. Guar Global is a Nevada corporation based in McKinney, Texas. It is quoted on OTC Link under the symbol GGBL.

The Commission is of the opinion that the public interest and the protection of investors require a suspension of trading in the securities of the above-listed company.

Therefore, it is ordered, pursuant to Section 12(k) of the Securities Exchange Act of 1934, that trading in the securities of the above-listed company is suspended for the period from 9:30 a.m. EST on December 6, 2013 through 11:59 p.m. EST on December 19, 2013.

By the Commission.

**Elizabeth M. Murphy,**

*Secretary.*

[FR Doc. 2013-29529 Filed 12-6-13; 4:15 pm]

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#### SECURITIES AND EXCHANGE COMMISSION

[File No. 500-1]

#### Aden Solutions, Inc.; Order of Suspension of Trading

December 6, 2013.

It appears to the Securities and Exchange Commission that there is a lack of current and accurate information concerning the securities of Aden Solutions, Inc. The company has not filed any periodic reports since the period ended September 30, 2011 and there are questions regarding the accuracy of publicly available information about the company.

The Commission is of the opinion that the public interest and the protection of investors require a suspension of trading in the securities of the above-listed company.

*Therefore, it is ordered*, pursuant to Section 12(k) of the Securities Exchange Act of 1934, that trading in the securities of the above-listed company is suspended for the period from 9:30 a.m. EST on December 6, 2013, through 11:59 p.m. EST on December 19, 2013.

By the Commission.

**Jill M. Peterson,**

*Assistant Secretary.*

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#### SMALL BUSINESS ADMINISTRATION

#### Reporting and Recordkeeping Requirements Under OMB Review

**AGENCY:** Small Business Administration.