

7. No trustee or officer of a Sub-Advised Fund or director or officer of the Manager, will own directly or indirectly (other than through a pooled investment vehicle that is not controlled by such person), any interest in a Sub-Adviser except for ownership of interests in the Manager or any entity that controls, is controlled by or is under common control with the Manager; or ownership of less than 1% of the outstanding securities of any class of equity or debt securities of any publicly traded company that is either a Sub-Adviser or an entity that controls, is controlled by or is under common control with a Sub-Adviser.

8. Sub-Advised Funds will inform shareholders of the hiring of a new Sub-Adviser in reliance on the order within 90 days after the hiring of the new Sub-Adviser pursuant to the Modified Notice and Access Procedures.

9. In the event the Commission adopts a rule under the Act providing substantially similar relief to that in the order requested in the application, the requested order will expire on the effective date of that rule.

10. Independent legal counsel, as defined in rule 0-1(a)(6) under the Act, will be engaged to represent the Independent Trustees. The selection of such counsel will be within the discretion of the then-existing Independent Trustees.

11. Whenever a Sub-Adviser is hired or terminated, the Manager will provide the Board with information showing the expected impact on the profitability of the Manager.

12. The Manager will provide the Board, no less frequently than quarterly, with information about the profitability of the Manager on a per Sub-Advised Fund basis. The information will reflect the impact on profitability of the hiring or termination of any Sub-Adviser during the applicable quarter.

13. Each Sub-Advised Fund will disclose in its registration statement the Aggregate Fee Disclosure.

14. Any changes to a Sub-Advisory Agreement that would result in an increase in the total management and advisory fees payable by a Sub-Advised Fund will be required to be approved by the shareholders of the Sub-Advised Fund.

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

Kevin M. O'Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-71005; File No. SR-CBOE-2013-096]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Granting Approval of Proposed Rule Change, as Modified by Amendment No. 1, Relating to the Short Term Option Series Program

December 6, 2013.

I. Introduction

On October 2, 2013, Chicago Board Options Exchange, Incorporated (“CBOE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) ¹ and Rule 19b-4 thereunder, ² a proposed rule change to amend Exchange Rules 5.5(d) and 24.9(a)(2)(A) to make certain modifications to the Exchange’s Short Term Option Series Program (“Weeklys Program”). The proposed rule change was published for comment in the **Federal Register** on October 22, 2013. ³ The Commission received no comment letters on the proposal. This order approves the proposed rule change, as modified by Amendment No. 1.

II. Description of the Proposal

The Exchange proposed to amend Exchange Rules 5.5(d) and 24.9(a)(2)(A) to: (i) Allow for the Exchange to list options in the Weeklys Program (“Weekly options”) on each of the next five Fridays that are business days and are not Fridays in which monthly options series or quarterly options series expire (“Short Term Option Expiration Dates”) at one time; and (ii) state that additional series of Weekly options may be listed up to, and including on, the day of expiration.

The proposed rule change would give the Exchange the ability to list a total of five Weekly options expirations at one time, not including monthly or quarterly option expirations. Currently, the Exchange’s rules provide that the Exchange may open for trading on any Thursday or Friday that is a business day (“Short Term Option Opening Date”) options expiring “on each of the next five consecutive Fridays that are

business days.” ⁴ Because a Friday expiration may coincide with an existing expiration of a monthly or quarterly series of an option in the same class as the Weekly options series, the current requirement that the Fridays be consecutive may mean that the Exchange cannot open five Short Term Option Expiration Dates because of existing monthly or quarterly expirations. The proposed rule change would allow the Exchange to open the five Weekly options expirations closest to the Short Term Option Opening Date, not including monthly or quarterly option expirations.

The proposed rule change also adds language to Rules 5.5(d) and 24.9(a)(2)(A) to state that additional series of Weekly options may be added up to, and including on, the expiration date of the series. ⁵ Currently, Exchange rules state that the Exchange “may open up to 20 initial series for each option class that participates in the Short Term Option Series Program” and “up to 10 additional series for each option class that participates in the Short Term Option Series Program.” ⁶ However, the Exchange’s rules are silent on when series may be added. Therefore, the Exchange is proposing to add language stating that additional Weekly options series may be added up to and on the day of expiration.

The Exchange asserts that the proposed revisions to the Weeklys Program will permit the Exchange to meet increased customer demand and provide market participants with the ability to hedge in a greater number of option classes and series. ⁷ In addition, the Exchange stated that it believes that, given the short lifespan of Weekly options, the ability to list new series of options intraday is appropriate. ⁸

III. Discussion and Commission Findings

After careful review of the proposed rule change, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities

⁴ See Exchange Rules 5.5(d) and 24.9(a)(2)(A).

⁵ The Exchange also proposed to add language stating that the proposed provisions in Rules 5.5(d)(4) and 24.9(a)(2)(A)(iv) will not contradict current provisions in CBOE Rules. More specifically, the proposed provisions would not contradict 5.5.04 and 24.9.01(c) respectively. The Exchange stated that it believes this addition will eliminate any confusion about when additional series may be added in the Weeklys Program in comparison to other Exchange listing programs.

⁶ See Exchange Rules 5.5(d)(3), 5.5(d)(4), 24.9(a)(2)(A)(iii), and 24.9(a)(2)(A)(iv).

⁷ See Notice, *supra* note 3 at 62859.

⁸ See *id.*

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 70685 (October 15, 2013), 78 FR 62858 (“Notice”). The Commission notes that on October 15, 2013, the Exchange submitted Amendment No. 1 to the proposed rule change to make certain amendments that removed the phrase “for each series” from the proposed rule language relating to Short Term Option Expiration Dates.

exchange.⁹ Specifically, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act,¹⁰ which requires, among other things, that the rules of a national securities exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, 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 believes that the proposed change may provide the investing public and other market participants with greater flexibility to closely tailor their investment and hedging decisions in a greater number of option series, thus allowing investors to better manage their risk exposure.

In approving this proposal, the Commission notes that the Exchange has represented that it and the Options Price Reporting Authority (“OPRA”) have the necessary systems capacity to handle the potential additional traffic associated with the Exchange’s proposed amendments to the Weeklys Program.¹¹ That Commission also notes that the Exchange represented that the Options Clearing Corporation (“OCC”) has the ability to accommodate series in the Weeklys Program added intraday.¹² The Commission expects the Exchange to monitor the frequency of additional series listed as a result of this proposal and record the reasons therefor, and monitor the trading volume associated with the additional options series listed as a result of this proposal and the effect of these additional series on market fragmentation and on the capacity of the Exchange’s, OPRA’s, OCC’s, and vendors’ automated systems.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹³ that the proposed rule change, as modified by Amendment No. 1 (SR-CBOE-2013-096), be, and it hereby is, approved.

⁹In approving this proposed rule change, the Commission considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ See Notice, *supra* note 3 at 62860.

¹² See *id.* at 62859, n. 10.

¹³ 15 U.S.C. 78s(b)(2).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Kevin M. O’Neill,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-70998; File No. SR-NYSEARCA-2013-133]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Proposes To Amend the NYSE Arca Equities Schedule of Fees and Charges for Exchange Services To Specify the Exclusion of Odd Lot Transactions From Consolidated Average Daily Volume Calculations for a Limited Period of Time for Purposes of Certain Transaction Pricing on the Exchange Through January 31, 2014

December 5, 2013.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that, on November 22, 2013, NYSE Arca, Inc. (“Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend the NYSE Arca Equities Schedule of Fees and Charges for Exchange Services (the “Fee Schedule”) to specify the exclusion of odd lot transactions from consolidated average daily volume (“CADV”) calculations for a limited period of time for purposes of certain transaction pricing on the Exchange. The text of the proposed rule change is available on the Exchange’s Web site at www.nyse.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

¹⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

The Exchange proposes to amend the Fee Schedule to specify the exclusion of odd lot transactions from CADV calculations for a limited period of time for purposes of certain transaction pricing on the Exchange. The Exchange proposes to implement the Fee Schedule on December 9, 2013.

The Exchange provides an ETP Holder with the opportunity to qualify for one or more pricing Tiers based on its level of activity during a particular month. Each Tier has a corresponding fee or credit that applies to the ETP Holder’s transactions during the month. Generally, a qualifying ETP Holder would be subject to a lower transaction fee or a higher transaction credit, depending on the particular Tier. Many of these Tiers use a specific percentage of CADV as a threshold that an ETP Holder’s activity must meet or exceed in order to qualify for the particular Tier. For example, an ETP Holder must, among other things, provide liquidity an average daily volume (“ADV”) of 0.70% or more of CADV during the month to qualify for Tier 1 pricing.³ As an additional example, transaction pricing for an ETP Holder that is a Lead Market Maker (“LMM”) can depend on the CADV for the security in the previous month.

CADV is a measure of transactions in Tape A, Tape B and Tape C securities reported to the consolidated tape.

³ To qualify for Tier 1, an ETP Holder must (1) provide liquidity an ADV per month of 0.70% or more of CADV or (2)(a) provide liquidity an ADV per month of 0.15% or more of CADV and (b) be affiliated with an Options Trading Permit (“OTP”) Holder or OTP Firm that provides an ADV of electronic posted executions (including all account types) in Penny Pilot issues on NYSE Arca Options (excluding mini options) of at least 100,000 contracts, of which at least 25,000 contracts must be for the account of a market maker.