comply with a Subadvised Series' investment objective, policies and restrictions. Subject to review by the Board, the Advisor will (a) when appropriate, allocate and reallocate a Subadvised Series' assets among Sub-Advisors; and (b) monitor and evaluate the performance of Sub-Advisors.

4. A Subadvised Series will not make any Ineligible Sub-Advisor Changes without such agreement, including the compensation to be paid thereunder, being approved by the shareholders of the applicable Subadvised Series, which in the case of a Master Fund will include voting instructions provided by shareholders of the Feeder Fund investing in such Master Fund or other voting arrangements that comply with section 12(d)(1)(E)(iii)(aa) of the Act.

5. Subadvised Series will inform shareholders, and if the Subadvised Series is a Master Fund, shareholders of any Feeder Funds, of the hiring of a new Sub-Advisor within 90 days after the hiring of the new Sub-Advisor pursuant to the Modified Notice and Access Procedures.

6. At all times, at least a majority of the Board will be Independent Trustees, and the selection and nomination of new or additional Independent Trustees will be placed within the discretion of the then-existing Independent Trustees.

7. Independent Legal Counsel, as defined in rule 0–1(a)(16) 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.

8. The Advisor will provide the Board, no less frequently than quarterly, with information about the profitability of the Advisor on a per Subadvised Series basis. The information will reflect the impact on profitability of the hiring or termination of any sub-advisor during the applicable quarter.

9. Whenever a sub-advisor is hired or terminated, the Advisor will provide the Board with information showing the expected impact on the profitability of the Advisor.

10. Whenever a sub-advisor change is proposed for a Subadvised Series with an Affiliated Sub-Advisor or a Wholly-Owned Sub-Advisor, the Board, including a majority of the Independent Trustees, will make a separate finding, reflected in the Board minutes, that such change is in the best interests of the Subadvised Series and its shareholders, and if the Subadvised Series is a Master Fund, the best interests of any applicable Feeder Funds and their respective shareholders, and does not involve a conflict of interest from which the Advisor or the Affiliated Sub-Advisor or Wholly-Owned Sub-Advisor derives an inappropriate advantage.

11. No Trustee or officer of the Trust, a Fund or a Feeder Fund, or partner, director, manager or officer of the Advisor, will own directly or indirectly (other than through a pooled investment vehicle that is not controlled by such person) any interest in a Sub-Advisor except for (a) ownership of interests in the Advisor or any entity, except a Wholly-Owned Sub-Advisor, that controls, is controlled by, or is under common control with the Advisor, or (b) ownership of less than 1% of the outstanding securities of any class of equity or debt of any publicly traded company that is either a Sub-Advisor or an entity that controls, is controlled by, or under common control with a Sub-Advisor.

12. Each Subadvised Series and any Feeder Fund that invests in a Subadvised Series that is a Master Fund will disclose the Aggregate Fee Disclosure in its registration statement.

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

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. 34–71076; File No. SR–NYSEArca–2013–116]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change Relating to Listing and Trading of Shares of AdvisorShares International Gold ETF; AdvisorShares Gartman Gold/Yen ETF; AdvisorShares Gartman Gold/British Pound ETF; and AdvisorShares Gartman Gold/Euro ETF Under NYSE Arca Equities Rule 8.600

December 13, 2013

Pursuant to Section 19(b)(1) [1] of the Securities Exchange Act of 1934 (the ''Act'') [2] and Rule 19b–4 thereunder,[3] notice is hereby given that, on November 29, 2013, NYSE Arca, Inc. (the ''Exchange'' or ''NYSE Arca'') filed with the Securities and Exchange Commission (the ''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to list and trade shares of the following under NYSE Arca Equities Rule 8.600 (''Managed Fund Shares''): AdvisorShares International Gold ETF; AdvisorShares Gartman Gold/Yen ETF; AdvisorShares Gartman Gold/British Pound ETF; and AdvisorShares Gartman Gold/Euro ETF. 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.

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 list and trade shares (the ''Shares'') of the following under NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares [4]:

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[1] 15 U.S.C. 78s(b)(1).

[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.

[4] A Managed Fund Share is a security that represents an interest in an investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a–1) (the ''1940 Act'') organized as an open-end investment company or similar entity that invests in a portfolio of securities selected by its investment adviser consistent with its investment objectives and policies. In contrast, an open-end investment company that issues Investment Company Units, listed and traded on the Exchange under NYSE Arca Equities Rule 5.2(j)(3), seeks to provide investment results that correspond generally to the price and yield performance of a specific foreign or domestic stock

Continued

AdvisorShares International Gold ETF (''International Gold ETF'') ; AdvisorShares Gartman Gold/Yen ETF (''Gold/Yen ETF''); AdvisorShares Gartman Gold/British Pound ETF (''Gold/British Pound ETF''); and AdvisorShares Gartman Gold/Euro ETF (''Gold/Euro ETF'') (collectively, the ''Funds''). The Gold/Yen ETF, Gold/British Pound ETF and Gold/Euro ETF are also referred to collectively herein as the ''Gartman Funds''.

The Shares will be offered by AdvisorShares Trust (the ''Trust''), [5] a statutory trust organized under the laws of the State of Delaware and registered with the Commission as an open-end management investment company.[6] The investment adviser to the Funds will be AdvisorShares Investments, LLC (the ''Adviser''). Treesdale Partners, LLC (''Sub-Adviser'') will be the Funds' sub-adviser. Foreside Fund Services, LLC (the ''Distributor'') will be the principal underwriter and distributor of the Funds' Shares. The Bank of New York Mellon (the ''Administrator'') will serve as the administrator, custodian, transfer agent and fund accounting agent for the Funds.

Commentary .06 to Rule 8.600 provides that, if the investment adviser to the investment company issuing Managed Fund Shares is affiliated with a broker-dealer, such investment adviser shall erect a ''fire wall'' between the investment adviser and the broker-dealer with respect to access to information concerning the composition and/or changes to such investment company portfolio. In addition, Commentary .06 further requires that personnel who make decisions on the open-end fund's portfolio composition must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the open-end fund's portfolio.[7] Commentary .06 to Rule 8.600 is similar to Commentary .03(a)(i) and (iii) to NYSE Arca Equities Rule 5.2(j)(3); however, Commentary .06 in connection with the establishment of a ''fire wall'' between the investment adviser and the broker-dealer reflects the applicable open-end fund's portfolio, not an underlying benchmark index, as is the case with index-based funds. Neither the Adviser nor the Sub-Adviser is a broker-dealer or affiliated with a broker-dealer.

In the event (a) the Adviser or Sub-Adviser becomes a registered broker-dealer or becomes newly affiliated with a broker-dealer, or (b) any new adviser or sub-adviser is a registered broker-dealer, or becomes affiliated with a broker-dealer, it will implement a fire wall with respect to its relevant personnel or its broker-dealer affiliate regarding access to information concerning the composition and/or changes to a portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio.

AdvisorShares International Gold ETF

Principal Investments

According to the Registration Statement, the International Gold ETF will be considered a ''fund of funds'' that, under normal circumstances,[8] will seek to achieve its investment objective by primarily taking long positions in other exchange-traded funds (''ETFs'') that offer diversified exposure to the international gold market.[9] The Sub-Adviser will seek, as appropriate, to maintain a balanced allocation of the International Gold ETF's assets in ETFs in which it invests, which ETFs may be both affiliated and unaffiliated. The affiliated ETFs are the Gartman Funds. In addition, the Fund may seek to invest in long positions in exchange-traded notes (''ETNs''), [10] closed-end funds [11] and other exchange-traded products (''ETPs'', and, collectively with ETFs, ETNs and closed-end funds, ''Underlying ETPs'') [12] that offer diversified exposure to the international gold market. Under normal circumstances, the Fund will invest at least 80% of its total assets in such Underlying ETPs.

The Sub-Adviser's gold investment strategy will be an active investment strategy that expresses a long position in gold but diversifies the currencies in which the purchase is financed. The International Gold ETF will seek to

index, fixed income securities index or combination thereof.

[5] The Trust is registered under the 1940 Act. On March 29, 2013, the Trust filed with the Commission an amendment to its registration statement on Form N–1A under the Securities Act of 1933 (15 U.S.C. 77a) (''Securities Act''), and under the 1940 Act relating to the Funds (File Nos. 333– and 811–) (''Registration Statement''). The description of the operation of the Trust and the Funds herein is based, in part, on the Registration Statement. In addition, the Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act. See Investment Company Act Release No. 29291 (May 28, 2010) (File No. 812–13677) (''Exemptive Order'').

[6] The Commission has approved listing and trading on the Exchange of a number of actively managed funds under Rule 8.600. *See, e.g.,* Securities Exchange Act Release Nos. 63076 (October 12, 2010), 75 FR 63874 (October 18, 2010) (SR–NYSEArca–2010–79) (order approving Exchange listing and trading of Cambria Global Tactical ETF); 63802 (January 31, 2011), 76 FR 6503 (February 4, 2011) (SR–NYSEArca–2010–118) (order approving Exchange listing and trading of the SiM Dynamic Allocation Diversified Income ETF and SiM Dynamic Allocation Growth Income ETF); and 65468 (October 3, 2011), 76 FR 62873 (October 11, 2011) (SR–NYSEArca–2011–51) (order approving Exchange listing and trading of TrimTabs Float Shrink ETF).

[7] An investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 (the ''Advisers Act''). As a result, the Adviser and Sub-Adviser and their related personnel will be 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 violations, 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.

[8] 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 equities 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.

[9] For purposes of this filing, ETFs include Investment Company Units (as described in NYSE Arca Equities Rule 5.2(j)(3)); Portfolio Depository Receipts (as described in NYSE Arca Equities Rule 8.100); and Managed Fund Shares (as described in NYSE Arca Equities Rule 8.600). The ETFs in which a Fund will invest all will be listed and traded on national securities exchanges. The Funds will invest in the securities of ETFs registered under the 1940 Act consistent with the requirements of Section 12(d)(1) of the 1940 Act, or any rule, regulation or order of the Commission or interpretation thereof. The Funds will only make such investments in conformity with the requirements of Regulation M of the Internal Revenue Code of 1986, as amended (the ''Internal Revenue Code'').

[10] ETNs are securities listed and traded on the Exchange under NYSE Arca Equities Rule 5.2(j)(6) (''Index-Linked Securities''). ETNs are senior, unsecured unsubordinated debt securities issued by an underwriting bank that are designed to provide returns that are linked to a particular benchmark less investor fees. ETNs have a maturity date and, generally, are backed only by the creditworthiness of the issuer.

[11] A closed-end fund is a pooled investment vehicle that is registered under the 1940 Act and whose shares are listed and traded on U.S. national securities exchanges.

[12] For purposes of this filing, Underlying ETPs include Trust Issued Receipts (as described in NYSE Arca Equities Rule 8.200); Commodity-Based Trust Shares (as described in NYSE Arca Equities Rule 8.201); Currency Trust Shares (as described in NYSE Arca Equities Rule 8.202); Commodity Index Trust Shares (as described in NYSE Arca Equities Rule 8.203); and Trust Units (as described in NYSE Arca Equities Rule 8.500).

provide an accessible method by which an investor is able to express a view on the value of gold versus any one of a number of liquid currencies, including the U.S. dollar, the Japanese Yen, the European Euro, and the British Pound.

The Sub-Adviser, in determining the International Gold ETF's investment allocation, will follow a proprietary investment process to assess the relative value of gold versus each of the currencies represented in the Underlying ETPs. In general, if the Sub-Adviser determines that the price of gold versus a particular currency offers an expected return that exceeds that offered by gold versus other currencies, the Underlying ETP that offers that exposure, all things being equal, will receive a larger allocation of the International Gold ETF's assets for investment. While the Sub-Adviser will actively determine the allocation of the International Gold ETF's investments among Underlying ETPs, the value of these investments may change on any day due to market fluctuations, thus altering such allocation.

The Sub-Adviser will also consider the relative price volatility of gold versus each of the currencies represented within an Underlying ETP in making allocation decisions. In general, the higher the volatility of the price of gold versus a particular currency (defined as the standard deviation of historical daily returns), the lower the allocation of capital to that Underlying ETP.

In managing the International Gold ETF, the Sub-Adviser will consider the asset size of the International Gold ETF, as well as liquidity conditions in both the Gartman Funds and Underlying ETP markets, in an effort to ensure best execution and minimize potential market disruption.

AdvisorShares Gartman Gold/Yen ETF

Principal Investments

According to the Registration Statement, the Gold/Yen ETF will seek to provide positive returns by utilizing the Japanese Yen to invest its assets in the gold market. In seeking to achieve the Gold/Yen ETF's investment objective, the Sub-Adviser will invest the Gold/Yen ETF's assets in instruments that provide exposure to the international gold market utilizing the Japanese Yen. This strategy will provide an investment vehicle for investors who believe that the value of the Gold/Yen ETF's investments in gold purchased in Japanese Yen will appreciate. Accordingly, in managing the Gold/Yen ETF, the Sub-Adviser will use the Japanese Yen, obtained synthetically through the sale of either exchange-traded currency futures or ''over-the-counter'' (''OTC'') foreign exchange forward contracts, as the currency in which purchases of gold are made. This ''Gold Financed in Yen'' investment strategy will enable the Sub-Adviser to provide an alternate gold investment vehicle that seeks to reduce U.S. dollar exposure.

The Gold/Yen ETF will seek to achieve its investment objective by investing directly (and not through the Gold/Yen ETF Subsidiary, as described below), under normal circumstances, at least 75% of its assets in cash and cash equivalents, plus ''currency-linked derivatives'' (consisting of exchange-traded Japanese Yen futures traded on the Chicago Mercantile Exchange (''CME''), Japanese Yen forward contracts, and currency (and not gold) swaps), with cash and cash equivalents comprising the majority of the Gold/Yen ETF's assets. Up to 25% of the Gold/Yen ETF's total assets will be invested in the Gold/Yen ETF Subsidiary, as described below. The distribution of the Gold/Yen ETF's investments in these currency-linked derivatives will be at the discretion of the Fund's Sub-Adviser. All of the Gold/Yen ETF's investments in these currency-linked derivatives will be backed by collateral of the Fund's assets, as required, and will be diversified across multiple (generally more than 5) counterparties. In addition, these currency-linked derivatives will be subject to the limits on leverage imposed by the 1940 Act. Through its investment in a wholly-owned and controlled subsidiary organized outside the United States in the Cayman Islands (the ''Gold/Yen ETF Subsidiary''), the Gold/Yen ETF will obtain long exposure to the international gold market. Section 18(f) of the 1940 Act and related Commission guidance limit the amount of leverage an investment company, and, in this case, the Gold/Yen ETF Subsidiary, can obtain.

The Gold/Yen ETF may also invest in Underlying ETPs. The Sub-Adviser will rebalance its positions in the Gold/Yen ETF and in the Gold/Yen ETF Subsidiary periodically as the value of gold relative to the value of the Japanese Yen fluctuates in international markets.

The Gold/Yen ETF may invest directly and indirectly in foreign currencies. The Gold/Yen ETF may conduct foreign currency transactions on a spot (*i.e.,* cash) or forward basis (*i.e.,* by entering into forward contracts to purchase or sell foreign currencies). Currency transactions made on a spot basis are for cash at the spot rate prevailing in the currency exchange market for buying or selling currency. Forward contracts are customized transactions that require a specific amount of a currency to be delivered at a specific exchange rate on a specific date or range of dates in the future and can have substantial price volatility. Forward contracts are generally traded in an interbank market directly between currency traders (usually large commercial banks) and their customers.

The Gold/Yen ETF, and certain Underlying ETPs in which the Gold/Yen ETF invests, may enter into swap agreements, including, but not limited to, total return swaps and index swaps. The Gold/Yen ETF may utilize swap agreements in an attempt to gain exposure to the asset in a market without actually purchasing the asset, or to hedge a position. Any swaps used will be cash collateralized as required.[13]

On a daily basis, the Sub-Adviser will evaluate the gold market to determine whether the exchange-traded markets or the OTC markets provide the Gold/Yen ETF with optimal investment opportunities. As part of its daily evaluation, the Sub-Adviser will utilize information from The Gartman Letter, a daily commentary on the global capital markets, including political, economic, and technical trends from both long-term and short-term perspectives.[14] The Sub-Adviser will carefully consider the liquidity of the investment, the cost of executing the purchase or sale, and the

[13] Each of the Gartman Funds will utilize cleared swaps if available, to the extent practicable and not enter into any swap agreement unless the Adviser believes that the other party to the transaction is creditworthy. The Sub-Adviser will evaluate the creditworthiness of counterparties on an ongoing basis. In addition to information provided by credit agencies, the Sub-Adviser's credit analysts will evaluate each approved counterparty using various methods of analysis, including company visits, earnings updates, the broker-dealer's reputation, past experience with the broker-dealer, market levels for the counterparty's debt and equity, the counterparty's liquidity and its share of market participation.

[14] The Adviser has contracted with Gartman Capital Management, L.C. to provide the investment objectives of the Gartman Funds, to provide data to the Adviser and to permit the use of the Gartman name. Gartman Capital Management, L.C. is an affiliate of The Gartman Letter. The Gartman Letter is written by Dennis Gartman. For the services and license provided to the Gartman Funds, the Adviser will pay Gartman Capital Management, L.C. a fee from its legitimate profits and resources. Gartman Capital Management, L.C. and The Gartman Letter, L.C. will have no involvement in the day-to-day management of the Gartman Funds Gartman Capital Management, LC is neither a broker-dealer nor affiliated with a broker-dealer. In the event Gartman Capital Management, LC becomes a broker-dealer, or becomes newly affiliated with a broker-dealer, it will implement a fire wall with respect to such broker-dealer regarding access to information concerning the composition and/or changes to the applicable portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio.

creditworthiness of the counterparty. Similarly, the Sub-Adviser will evaluate the market for the Japanese Yen to achieve the optimal duration at which to finance gold purchases for the Gold/Yen ETF. The Sub-Adviser will not participate in transactions in Japanese Yen where the maximum duration exceeds ninety days.

In managing the Gold/Yen ETF, the Sub-Adviser will consider the asset size of the Gold/Yen ETF, as well as liquidity conditions in both the gold and currency markets, in an effort to ensure best execution and minimize potential market disruption.

As discussed above, the Sub-Adviser will seek to gain additional exposure to gold through its investment in the Gold/Yen ETF Subsidiary. The Gold/Yen ETF's investment in the Gold/Yen ETF Subsidiary may not exceed 25% of the Gold/Yen ETF's total assets at each quarter end of the Gold/Yen ETF's fiscal year. The purpose of the Gold/Yen ETF's investment in the Gold/Yen ETF Subsidiary will be to provide the Gold/Yen ETF with additional exposure to commodity returns within the limits of the federal tax requirements applicable to investment companies, such as the Gold/Yen ETF. The Gold/Yen ETF Subsidiary's investments in ''commodity-linked derivative instruments'' *(i.e.,* futures, forwards and swaps based on the price of gold) will be subject to limits on leverage imposed by the 1940 Act. Section 18(f) of the 1940 Act and related Commission guidance limit the amount of leverage an investment company, and in this case the Gold/Yen ETF Subsidiary, can obtain. Except as noted, references to the investment strategies and risks of the Gold/Yen ETF include the investment strategies and risks of the Gold/Yen ETF Subsidiary. The Gold/Yen ETF Subsidiary's shares will only be offered to the Gold/Yen ETF and the Gold/Yen ETF will not sell any shares of the Gold/Yen ETF Subsidiary to any other investors.

AdvisorShares Gartman Gold/British Pound ETF

Principal Investments

According to the Registration Statement, the Gold/British Pound ETF will seek to provide positive returns by utilizing the British Pound (GBP) to invest its assets in the gold market. In seeking to achieve the Gold/British Pound ETF's investment objective, the Sub-Adviser will invest the Gold/British Pound ETF's assets in instruments that provide exposure to the international gold market utilizing the British Pound. This strategy will provide an investment vehicle for investors who believe that the value of the Gold/British Pound ETF's investments in gold purchased in British Pounds will appreciate. Accordingly, in managing the Gold/British Pound ETF, the Sub-Adviser will use the British Pound, obtained synthetically through the sale of either exchange-traded currency futures or OTC foreign exchange forward contracts, as the currency in which purchases of gold are made. This ''Gold Financed in British Pounds'' investment strategy will enable the Sub-Adviser to provide an alternate gold investment vehicle that seeks to reduce U.S. dollar exposure.

The Gold/British Pound ETF will seek to achieve its investment objective by investing directly (and not through the Gold/British Pound Subsidiary, as described below), under normal circumstances, at least 75% of its assets in cash and cash equivalents, plus currency-linked derivatives (consisting of exchange-traded British Pound futures principally traded on the CME, British Pound forward contracts, and currency (and not gold) swaps), with cash and cash equivalents comprising the majority of the Gold/British Pound ETF's assets. Up to 25% of the Gold/British Pound ETF's total assets will be invested in the Gold/British Pound ETF Subsidiary, as described below. The distribution of the Gold/British Pound ETF's investments in these currency-linked derivatives will be at the discretion of the Fund's Sub-Adviser. All of the Gold/British Pound ETF's investments in these currency-linked derivatives will be backed by collateral of the Fund's assets, as required, and will be diversified across multiple (generally more than 5) counterparties. In addition, these currency-linked derivatives will be subject to the limits on leverage imposed by the 1940 Act. Through its investment in a wholly owned and controlled subsidiary organized outside the United States in the Cayman Islands (the ''Gold/British Pound ETF Subsidiary'') the Gold/British Pound ETF will obtain long exposure to the international gold market. Section 18(f) of the 1940 Act and related Commission guidance limit the amount of leverage an investment company, and in this case, the Gold/British Pound ETF Subsidiary, can obtain.

The Gold/British Pound ETF may also invest in Underlying ETPs. The Sub-Adviser will rebalance its positions in the Gold/British Pound ETF and in the Gold/British Pound ETF Subsidiary periodically as the value of gold relative to the value of the British Pound fluctuates in international markets.

The Gold/British Pound ETF may invest directly, or indirectly, in foreign currencies. The Gold/British Pound ETF may conduct foreign currency transactions on a spot (*i.e.,* cash) or forward basis (*i.e.,* by entering into forward contracts to purchase or sell foreign currencies). Currency transactions made on a spot basis are for cash at the spot rate prevailing in the currency exchange market for buying or selling currency. Forward contracts are customized transactions that require a specific amount of a currency to be delivered at a specific exchange rate on a specific date or range of dates in the future and can have substantial price volatility. Forward contracts are generally traded in an interbank market directly between currency traders (usually large commercial banks) and their customers.

The Gold/British Pound ETF, and certain Underlying ETPs in which the Gold/British Pound ETF invests, may enter into swap agreements, including, but not limited to, total return and index swaps. The Gold/British Pound ETF may utilize swap agreements in an attempt to gain exposure to an asset in a market without actually purchasing the asset, or to hedge a position.[15] Any swaps used will be cash collateralized as required.

On a daily basis, the Sub-Adviser will evaluate the gold market to determine whether the exchange-traded markets or the OTC markets provide the Gold/British Pound ETF with optimal investment opportunities. As part of its daily evaluation, the Sub-Adviser will utilize information from The Gartman Letter, as referenced above. The Sub-Adviser will carefully consider the liquidity of the investment, the cost of executing the purchase or sale and the creditworthiness of the counterparty. Similarly, the Sub-Adviser will evaluate the market for the British Pound to achieve the optimal duration at which to finance gold purchases for the Gold/British Pound ETF. The Sub-Adviser will not participate in transactions in the British Pound where the maximum duration exceeds ninety days.

In managing the Gold/British Pound ETF, the Sub-Adviser will consider the asset size of the Gold/British Pound ETF, as well as liquidity conditions in both the gold and currency markets, in an effort to ensure best execution and minimize potential market disruption.

As discussed above, the Sub-Adviser will seek to gain additional exposure to gold through its investment in the Gold/British Pound ETF Subsidiary. The Gold/British Pound ETF's investment in

[15] *See* note 13, *supra.*

the Gold/British Pound ETF's Subsidiary may not exceed 25% of the Gold/British Pound ETF's total assets at each quarter end of the Gold/British Pound ETF's fiscal year. The purpose of the Gold/British Pound ETF's investment in the Gold/British Pound ETF Subsidiary will be to provide the Gold/British Pound ETF with additional exposure to commodity returns within the limits of the federal tax requirements applicable to investment companies, such as the Gold/British Pound ETF. The Gold/British Pound ETF Subsidiary's investments in commodity-linked derivative instruments (i.e., futures, forwards and swaps based on the price of gold) will be subject to limits on leverage imposed by the 1940 Act. Section 18(f) of the 1940 Act and related Commission guidance limit the amount of leverage an investment company, and in this case the Gold/British Pound ETF Subsidiary, can obtain. Except as noted, references to the investment strategies and risks of the Gold/British Pound ETF include the investment strategies and risks of the Gold/British Pound Subsidiary. The Gold/British Pound ETF Subsidiary's shares will only be offered to the Gold/British Pound ETF and the Gold/British Pound ETF will not sell any shares of the Gold/British Pound Subsidiary to any other investors.

AdvisorShares Gartman Gold/Euro ETF

Principal Investments

According to the Registration Statement, the Gold/Euro ETF will seek to provide positive returns by utilizing the European Union's Euro to invest its assets in the gold market. In seeking to achieve the Gold/Euro ETF's investment objective, the Sub-Adviser will invest the Gold/Euro ETF's assets in instruments that provide exposure to the international gold market utilizing the Euro. This strategy provides an investment vehicle for investors who believe that the value of the Gold/Euro ETF's investments in gold purchased in Euros will appreciate.

Accordingly, in managing the Gold/Euro ETF, the Sub-Adviser will use the Euro, obtained synthetically through the sale of either exchange-traded currency futures or OTC foreign exchange forward contracts, as the currency in which purchases of gold are made. This ''Gold Financed in Euro'' investment strategy will enable the Sub-Adviser to provide an alternate gold investment vehicle that will seek to reduce U.S. dollar exposure.

The Gold/Euro ETF will seek to achieve its investment objective by investing directly (and not through the Gold/Euro ETF Subsidiary, as described below), under normal circumstances, at least 75% of its assets in cash and cash equivalents, plus currency-linked derivatives (consisting of exchange-traded Euro futures traded on the CME, Euro forward contracts, and currency (and not gold) swaps), with cash and cash equivalents comprising the majority of the Gold/Euro ETF's assets. Up to 25% of the Gold/Euro ETF's assets will be invested in the Gold/Euro ETF Subsidiary, as described below. The distribution of the Gold/Euro ETF's investments in these currency-linked derivatives will be at the discretion of the Fund's Sub-Adviser. All of the Gold/Euro ETF's investments in these currency-linked derivatives will be backed by collateral of the Fund's assets, as required, and will be diversified across multiple (generally more than 5) counterparties. In addition, these currency-linked derivatives will be subject to the limits on leverage imposed by the 1940 Act. Through its investment in a wholly owned and controlled subsidiary organized outside the United States in the Cayman Islands (the ''Gold/Euro ETF Subsidiary''), the Gold/Euro ETF will obtain long exposure to the international gold market. The Gold/Euro ETF may also invest in Underlying ETPs. The Sub-Adviser will rebalance its positions in the Gold/Euro ETF and in the Gold/Euro ETF Subsidiary periodically as the value of gold relative to the value of the Euro fluctuates in international markets.

The Gold/Euro ETF may invest directly and indirectly in foreign currencies. The Gold/Euro ETF may conduct foreign currency transactions on a spot (*i.e.,* cash) or forward basis (*i.e.,* by entering into forward contracts to purchase or sell foreign currencies). Currency transactions made on a spot basis are for cash at the spot rate prevailing in the currency exchange market for buying or selling currency. Forward contracts are customized transactions that require a specific amount of a currency to be delivered at a specific exchange rate on a specific date or range of dates in the future and can have substantial price volatility. Forward contracts are generally traded in an interbank market directly between currency traders (usually large commercial banks) and their customers.

The Gold/Euro ETF, and certain Underlying ETPs in which the Gold/Euro ETF invests, may enter into swap agreements, including, but not limited to, total return swaps and index swaps. The Gold/Euro ETF may utilize swap agreements in an attempt to gain exposure to an asset in a market without actually purchasing the asset, or to hedge a position.[16] Any swaps used will be cash collateralized as required.

On a daily basis, the Sub-Adviser will evaluate the gold market to determine whether the exchange-traded markets or the OTC markets provide the Gold/Euro ETF with optimal investment opportunities. As part of its daily evaluation, the Sub-Adviser will utilize information from The Gartman Letter, as referenced above. The Sub-Adviser will carefully consider the liquidity of the investment, the cost of executing the purchase or sale and the creditworthiness of the counterparty. Similarly, the Sub-Adviser will evaluate the market for Euros to achieve the optimal duration at which to finance gold purchases for the Gold/Euro ETF. The Sub-Adviser will not participate in transactions in the Euro where the maximum duration exceeds ninety days.

In managing the Gold/Euro ETF, the Sub-Adviser will consider the asset size of the Gold/Euro ETF, as well as liquidity conditions in both the gold and currency markets, in an effort to ensure best execution and minimize potential market disruption.

As discussed above, the Sub-Adviser seeks to gain additional exposure to gold through its investment in the Gold/Euro ETF Subsidiary. The Gold/Euro ETF's investment in the Gold/Euro ETF Subsidiary may not exceed 25% of the Gold/Euro ETF's total assets at each quarter end of the Gold/Euro ETF's fiscal year. The purpose of the Gold/Euro ETF's investment in the Gold/Euro ETF's Subsidiary will be to provide the Gold/Euro ETF with additional exposure to commodity returns within the limits of the federal tax requirements applicable to investment companies, such as the Gold/Euro ETF. The Gold/Euro ETF's Subsidiary's investments in commodity-linked derivative instruments (i.e., futures, forwards and swaps based on the price of gold) will be subject to limits on leverage imposed by the 1940 Act. Section 18(f) of the 1940 Act and related Commission guidance limit the amount of leverage an investment company, and in this case the Gold/Euro ETF Subsidiary, can obtain. Except as noted, references to the investment strategies and risks of the Gold/Euro ETF include the investment strategies and risks of the Gold/Euro ETF's Subsidiary. The Gold/Euro ETF Subsidiary's shares will only be offered to the Gold/Euro ETF and the Gold/Euro ETF will not sell any shares of the Gold/Euro Subsidiary to any other investors.

[16] *See* note 13, *supra.*

Other Investments

In the absence of normal circumstances [17], a Fund may have temporary defensive positions to respond to adverse market, economic, political or other conditions. A Fund may invest 100% of its total assets, without limitation, either directly or indirectly through Underlying ETPs, in debt securities and money market instruments, shares of other mutual funds, commercial paper, certificates of deposit, bankers' acceptances, U.S. government securities, repurchase agreements or bonds that are rated BBB or higher by Standard & Poor's Ratings Group (''S&P''). A Fund may be invested in this manner for extended periods, depending on the Sub-Adviser's assessment of market conditions.

While each Fund's principal investments, under normal circumstances, will be as described above, a Fund may invest up to 20% of its assets in other investments, as described below.

The International Gold ETF may invest directly and indirectly in foreign currencies. The International Gold ETF may invest in foreign currency transactions on a spot (i.e., cash) or forward basis (i.e., by entering into forward contracts to purchase or sell foreign currencies). Currency transactions made on a spot basis are for cash at the spot rate prevailing in the currency exchange market for buying or selling currency. Forward contracts are customized transactions that require a specific amount of a currency to be delivered at a specific exchange rate on a specific date or range of dates in the future and can have substantial price volatility. Forward contracts are generally traded in an interbank market directly between currency traders (usually large commercial banks) and their customers.

The International Gold ETF, and certain Underlying ETPs in which the International Gold ETF invests, may enter into swap agreements, including, but not limited to, total return and index swaps, which will be expected to only be tied to the price of gold. The International Gold ETF may utilize swap agreements in an attempt to gain exposure to an asset in a market without actually purchasing the asset (in this case, gold), or to hedge a position.[18] The International Gold Fund will utilize cleared swaps if available, to the extent practicable, and will not enter into any swap agreement unless the Adviser believes that the other party to the transaction is creditworthy.[19] Any swaps used will be cash collateralized as required.

The International Gold ETF may also invest a proportion of its assets in Underlying ETPs that do not offer diversified exposure to the international gold market.

Periodically, with respect to the International Gold ETF, the Sub-Adviser may decide to purchase downside market protection to hedge against the risk of a large downward movement in the price of gold, based on a proprietary assessment of the expected return from holding gold over a time horizon of generally no more than ninety days. The Sub-Adviser may implement this portion of its investment strategy by employing a number of option-based strategies using U.S. listed equity options with maturities of no more than 90 days. The Sub-Adviser may pay a premium to buy a put option tied to the price of gold, which should rise in value when the price of gold declines, thus protecting the value of the International Gold ETF in the event of a large downward movement in the price of gold. The Sub-Adviser also may employ a strategy of buying a put option tied to the price of gold and simultaneously selling a call option tied to the price of gold, known as a ''collar'' hedging strategy. Both options should increase in value as the price of gold declines, while the combination of the put and call options is intended to reduce the premium cost of the hedge transaction. However, writing gold options may limit the potential profit the International Gold ETF would earn if the price of gold rises. Regardless of the option-based strategy employed, the Sub-Adviser will not utilize any strategy in which the value of the options sold exceeds the value of the International Gold ETF's portfolio investments, thereby limiting potential losses. The Sub-Adviser will utilize this option strategy only as a means to hedge its long position in gold.

The Gold/British Pound ETF, Gold/Yen ETF, and Gold/Euro ETF may invest in ETFs that are primarily index-based ETFs that hold substantially all of their assets in securities representing a specific index. The Gold/British Pound ETF, Gold/Yen ETF, and Gold/Euro ETF also may invest in ETFs that are actively managed and may invest in closed-end funds.

While the Funds do not anticipate doing so, they may borrow money for investment purposes, a form of leverage. A Fund may also borrow money to facilitate management of a Fund's portfolio by enabling a Fund to meet redemption requests when the liquidation of portfolio instruments would be inconvenient or disadvantageous. Such borrowing will not be for investment purposes, will be repaid by a Fund promptly, and will be consistent with the requirements of the 1940 Act and the rules thereunder.

At the discretion of the Adviser, the Funds may, but are not obligated to, enter into forward currency exchange contracts for hedging purposes to help reduce the risks and volatility caused by changes in foreign currency exchange rates.

While the Funds do not expect to engage in currency hedging, they may (and certain of the Underlying ETPs in which the Funds invest may) use currency transactions in order to hedge the value of portfolio holdings denominated in particular currencies against fluctuations in relative value, including forward currency contracts, exchange-listed currency futures and currency options, exchange-listed and OTC options [20] on currencies and currency swaps, and options on currency futures. The Funds may use futures contracts and related options for bona fide hedging; attempting to offset changes in the value of securities held or expected to be acquired or be disposed of; or other risk management purposes.[21]

[17] *See* note 8, *supra.*

[18] *See* note 13, *supra.*

[19] *See* note 13, *supra.*

[20] The Funds may trade put and call options on securities, securities indices and currencies, as the Sub-Adviser determines is appropriate in seeking a Fund's investment objective, and except as restricted by a Fund's investment limitations. A Fund may buy or sell no more than 10% of its net assets in put and call options on foreign currencies either on exchanges or in the OTC market. A put option on a foreign currency gives the purchaser of the option the right to sell a foreign currency at the exercise price until the option expires. A call option on a foreign currency gives the purchaser of the option the right to purchase the currency at the exercise price until the option expires.

[21] According to the Registration Statement, to the extent a Fund invests in futures, options on futures or other instruments subject to regulation by the Commodity Futures Trading Commission (''CFTC''), it will do so in compliance with CFTC regulations in effect from time to time and in accordance with such Fund's policies. To comply with recent changes to the CFTC regulations pertaining to registered investment companies that invest in derivatives regulated by the CFTC, such as futures contracts, the Funds expect to register with the CFTC as commodity pools and the Adviser expects to register with the CFTC as a commodity pool operator (''CPO'') prior to the Funds' commencement of operations. By registering with the CFTC, the Funds and the Adviser will be subject to regulation by the CFTC and the National Futures Association (''NFA''). The recent changes to CFTC regulations went into effect on December 31, 2012, but because the CFTC has not yet adopted regulations intended to ''harmonize'' the CFTC's regulation of newly registered investment companies with that of the Commission, the impact of registration on the Funds' operations is not yet known. Once the compliance obligations of the

A Fund's or an Underlying ETP's dealings in forward currency contracts and other currency transactions such as futures, options on futures, options on currencies and swaps will be limited to hedging involving either specific transactions (''Transaction Hedging'' [22]) or portfolio positions (''Position Hedging'').[23]

The Funds, or certain Underlying ETPs in which the Funds invest, may also cross-hedge currencies by entering into transactions to purchase or sell one or more currencies that are expected to decline in value relative to other currencies to which the Funds, or certain Underlying ETPs in which the Funds invest, have or in which the Funds, or certain Underlying ETPs in which the Funds invest, expect to have portfolio exposure.

To reduce the effect of currency fluctuations on the value of existing or anticipated holdings of portfolio securities, a Fund, or certain of the Underlying ETPs in which a Fund invests, may also engage in proxy hedging. Proxy hedging is often used when the currency to which the portfolio of a Fund, or of an Underlying ETP in which a Fund invests, is exposed is difficult to hedge or to hedge against the dollar. Proxy hedging entails entering into a forward contract to sell a currency whose changes in value are generally considered to be linked to a currency or currencies in which some or all of a Fund's portfolio securities, or the portfolio securities of an Underlying ETP in which a Fund invests, are or are expected to be denominated, and to buy U.S. dollars. The amount of the contract would not exceed the value of a Fund's securities, or the securities and financial instruments held by the Underlying ETPs in which a Fund invests.

The Funds currently do not intend to enter into forward currency contracts with a term of more than one year, or to engage in Position Hedging with respect to the currency of a particular country to more than the aggregate market value (at the time the hedging transaction is entered into) of its portfolio securities denominated in (or quoted in or currently convertible into or directly related through the use of forward currency contracts in conjunction with money market instruments to) that particular currency.

The Funds may invest in performance indexed paper (''PIPs℠''). PIPs is U.S. dollar-denominated commercial paper the yield of which is linked to certain foreign exchange rate movements. The yield to the investor on PIPs is established at maturity as a function of spot exchange rates between the U.S. dollar and a designated currency as of or about that time (generally, the index maturity two days prior to maturity). The yield to the investor will be within a range stipulated at the time of purchase of the obligation, generally with a guaranteed minimum rate of return that is below, and a potential maximum rate of return that is above, market yields on U.S. dollar-denominated commercial paper, with both the minimum and maximum rates of return on the investment corresponding to the minimum and maximum values of the spot exchange rate two business days prior to maturity.

The Funds, and certain Underlying ETPs in which the Funds invest, may invest in commercial paper. Commercial paper is a short-term obligation with a maturity ranging from one to 270 days issued by banks, corporations and other borrowers. Such investments are unsecured and usually discounted. To the extent a Fund invests in commercial paper, a Fund will seek to invest in commercial paper rated A–1 or A–2 by S&P or Prime-1 or Prime-2 by Moody's Investors Service, Inc. (''Moody's'').

The Funds, and certain of the Underlying ETPs in which the Funds invest, may invest in fixed income securities, as described below.

The Funds, and certain Underlying ETPs in which the Funds invest, may seek to invest in debt securities, which are securities consisting of a certificate or other evidence of a debt (secured or unsecured) on which the issuing company or governmental body promises to pay the holder thereof a fixed, variable, or floating rate of interest for a specified length of time, and to repay the debt on the specified maturity date, as discussed above. Some debt securities, such as zero coupon bonds, do not make regular interest payments but are issued at a discount to their principal or maturity value. Debt securities include a variety of fixed income obligations, including, but not limited to, corporate debt securities, government securities, municipal securities, convertible securities, and mortgage-backed securities. Debt securities include investment-grade securities, non-investment-grade securities, and unrated securities.

The Funds may invest in U.S. government securities. Securities issued or guaranteed by the U.S. government or its agencies or instrumentalities include U.S. Treasury securities, which are backed by the full faith and credit of the U.S. Treasury and which differ only in their interest rates, maturities, and times of issuance. U.S. Treasury bills have initial maturities of one year or less; U.S. Treasury notes have initial maturities of one to ten years; and U.S. Treasury bonds generally have initial maturities of greater than ten years.[24]

The Funds, and certain Underlying ETPs in which the Funds invest, may invest in U.S. Treasury zero-coupon bonds. These securities are U.S. Treasury bonds which have been stripped of their unmatured interest

Funds under the CFTC's regulatory scheme are finalized, the Funds may consider modifying their principal investment strategies and structure by reducing substantially their investment in or exposure to derivative instruments subject to regulation by the CFTC in order to qualify for the exemption from CFTC regulation provided by CFTC Regulation 4.5. Alternatively, the Funds may determine to continue to be subject to CFTC regulation and comply with all applicable requirements, including registration and disclosure requirements governing commodity pools under the Commodity Exchange Act (''CEA''). Compliance with the CFTC's additional regulatory requirements may increase a Fund's operating expenses.

[22] According to the Registration Statement, Transaction Hedging is entering into a currency transaction with respect to specific assets or liabilities of a Fund, or certain Underlying ETPs in which a Fund invests, which will generally arise in connection with the purchase or sale of its portfolio securities or the receipt of income therefrom. A Fund, or certain Underlying ETPs in which a Fund invests, may enter into Transaction Hedging out of a desire to preserve the U.S. dollar price of a security when it enters into a contract for the purchase or sale of a security denominated in a foreign currency.

[23] According to the Registration Statement, Position Hedging is entering into a currency transaction with respect to portfolio security positions denominated or generally quoted in that currency. A Fund, or certain Underlying ETPs in which a Fund invests, may use Position Hedging when the Adviser believes that the currency of a particular foreign country may suffer a substantial decline against the U.S. dollar. A Fund, or certain Underlying ETPs in which a Fund invests, may enter into a forward foreign currency contract to sell, for a fixed amount of dollars, the amount of foreign currency approximating the value of some or all of its portfolio securities denominated in such foreign currency. A Fund, or certain Underlying ETPs in which a Fund invests, will not enter into a transaction to hedge currency exposure to an extent greater, after netting all transactions intended wholly or partially to offset other transactions, than the aggregate market value (at the time of entering into the transaction) of the securities held in its portfolio that are denominated or generally quoted in or currently convertible into such currency, other than with respect to proxy hedging as described below.

[24] Certain U.S. government securities are issued or guaranteed by agencies or instrumentalities of the U.S. government including, but not limited to, obligations of U.S. government agencies or instrumentalities such as the Federal National Mortgage Association (''Fannie Mae''), the Federal Home Loan Mortgage Corporation (''Freddie Mac''), the Government National Mortgage Association (''Ginnie Mae''), the Small Business Administration, the Federal Farm Credit Administration, the Federal Home Loan Banks, Banks for Cooperatives (including the Central Bank for Cooperatives), the Federal Land Banks, the Federal Intermediate Credit Banks, the Tennessee Valley Authority, the Export-Import Bank of the United States, the Commodity Credit Corporation, the Federal Financing Bank, the National Credit Union Administration and the Federal Agricultural Mortgage Corporation (''Farmer Mac'').

coupons, the coupons themselves, and receipts or certificates representing interests in such stripped debt obligations and coupons. Interest is not paid in cash during the term of these securities, but is accrued and paid at maturity.

The Funds may invest in all grades of corporate debt securities including non-investment grade securities, as described below.

The Funds, and certain Underlying ETPs in which the Funds invest, to the extent a Fund invests in non-investment grade debt securities, will seek to invest no more than 10% of a Fund's net assets in such debt securities. Non-investment-grade debt securities, also referred to as ''high yield securities'' or ''junk bonds,'' are debt securities that are rated lower than the four highest rating categories by a nationally recognized statistical rating organization (for example, lower than Baa3 by Moody's or lower than BBB by S&P or are determined to be of comparable quality by a Fund's Sub-Adviser.

The Funds, and certain Underlying ETPs in which the Funds invest, may seek to invest in unrated debt securities. The creditworthiness of the issuer, as well as any financial institution or other party responsible for payments on the security, will be analyzed to determine whether to purchase unrated bonds.

The Funds, and certain Underlying ETPs in which the Funds invest, will seek to invest no more than 10% of their net assets in asset-backed and mortgaged-backed securities.

The Funds, and certain of the Underlying ETPs in which the Funds invest, may invest in U.S. equity securities, including common stock, preferred stock, warrants, convertible securities, master limited partnerships and rights traded in the U.S. or on other registered exchanges.

Each Fund may invest in issuers located outside the United States directly, or in financial instruments or Underlying ETPs that are indirectly linked to the performance of foreign issuers. Such financial instruments may be one of the following: American Depositary Receipts (''ADRs''), Global Depositary Receipts (''GDRs''), European Depositary Receipts (''EDRs''), International Depository Receipts (''IDRs''), ''ordinary shares,'' and ''New York shares'' issued and traded in the U.S (collectively, ''Equity Financial Instruments'').[25]

A Fund, and certain Underlying ETPs in which a Fund invests, may invest in hybrid instruments. According to the Registration Statement, a hybrid instrument is a type of potentially high-risk derivative that combines a traditional stock, bond, or commodity with an option or forward contract. An example of a hybrid instrument could be a bond issued by an oil company that pays a small base level of interest with additional interest that accrues in correlation with the extent to which oil prices exceed a certain predetermined level. Such a hybrid instrument would be a combination of a bond and a call option on oil. Generally, the principal amount, amount payable upon maturity or redemption, or interest rate of a hybrid is tied (positively or negatively) to the price of some security, commodity, currency or securities index or another interest rate or some other economic factor (each a ''benchmark''). The interest rate or (unlike most fixed income securities) the principal amount payable at maturity of a hybrid security may be increased or decreased, depending on changes in the value of the benchmark.

Each Fund may invest in structured notes, which are debt obligations that also contain an embedded derivative component with characteristics that adjust the obligation's risk/return profile. Generally, the performance of a structured note will track that of the underlying debt obligation and the derivative embedded within it. Each Fund has the right to receive periodic interest payments from the issuer of the structured notes at an agreed-upon interest rate and a return of the principal at the maturity date.[26]

The Funds may invest in the securities of exchange-traded pooled vehicles that are not investment companies and, thus, not required to comply with the provisions of the 1940 Act.[27] The International Gold Fund may principally invest in these securities through Underlying ETPs while the other Funds (Gold/British Pound ETF, Gold/Yen ETF and Gold/Euro ETF) may, but are not expected to, invest in these securities as non-principal investments. As a result, as a shareholder of such pooled vehicles, a Fund will not have all of the investor protections afforded by the 1940 Act. Such pooled vehicles may, however, be required to comply with the provisions of other federal securities laws, such as the Securities Act. These pooled vehicles typically hold currency or commodities, such as gold or oil, or other property that is itself not a security.

The Funds, and certain Underlying ETPs in which the Funds invest, may invest in exchange-traded shares of real estate investment trusts (''REITs''). REITs are pooled investment vehicles which invest primarily in real estate or real estate related loans. REITs are generally classified as equity REITs, mortgage REITs or a combination of equity and mortgage REITs.

The Funds, and certain Underlying ETPs in which the Funds invest, may enter into repurchase agreements with financial institutions, which may be deemed to be loans. The Fund will follow certain procedures designed to minimize the risks inherent in such agreements. These procedures will include effecting repurchase transactions only with large, well-capitalized and well-established financial institutions whose condition will be continually monitored by the Sub-Adviser. In addition, the value of the collateral underlying the repurchase agreement will always be at least equal to the repurchase price, including any accrued interest earned on the repurchase agreement.

[25] ADRs are U.S. dollar denominated receipts typically issued by U.S. banks and trust companies that evidence ownership of underlying securities issued by a foreign issuer. The underlying securities may not necessarily be denominated in the same currency as the securities into which they may be converted. The underlying securities are held in trust by a custodian bank or similar financial institution in the issuer's home country. The depositary bank may not have physical custody of the underlying securities at all times and may charge fees for various services, including forwarding dividends and interest and corporate actions. Generally, ADRs in registered form are equity securities designed for use in domestic securities markets and are traded on exchanges or OTC in the U.S. GDRs, EDRs, and IDRs are similar to ADRs in that they are certificates evidencing ownership of shares of a foreign issuer; however, GDRs, EDRs, and IDRs may be issued in bearer form and denominated in other currencies, and are generally designed for use in specific or multiple securities markets outside the U.S. EDRs, for example, are designed for use in European securities markets while GDRs are designed for use throughout the world. Ordinary shares are shares of foreign issuers that are traded abroad and on a U.S. exchange. New York shares are shares that a foreign issuer has allocated for trading in the U.S. ADRs, ordinary shares, and New York shares all may be purchased with and sold for U.S. dollars. ADRs may be sponsored or unsponsored, but unsponsored ADRs will not exceed 10% of a Fund's net assets. With respect to its investments in equity securities (including Equity Financial Instruments), each Fund will invest at least 90% of its assets invested in such equity securities in securities that trade in markets that are members of the Intermarket Surveillance Group (''ISG'') or are parties to a comprehensive surveillance sharing agreement with the Exchange. *See* note 40, *infra.*

[26] In the case of structured notes on credit default swaps, a Fund, or the Underlying ETP in which a Fund invests, will also be subject to the credit risk of the corporate credits underlying the credit default swaps.

[27] Such securities include Trust Issued Receipts (as described in NYSE Arca Equities Rule 8.200); Commodity-Based Trust Shares (as described in NYSE Arca Equities Rule 8.201); Currency Trust Shares (as described in NYSE Arca Equities Rule 8.202); Commodity Index Trust Shares (as described in NYSE Arca Equities Rule 8.203); and Trust Units (as described in NYSE Arca Equities Rule 8.500).

The Funds, and certain Underlying ETPs in which the Funds invest, may enter into reverse repurchase agreements as part of a Fund's investment strategy. However, the Funds do not expect to engage, under normal circumstances, in reverse repurchase agreements with respect to more than 33⅓% of their respective assets. Reverse repurchase agreements involve sales by a Fund of portfolio assets concurrently with an agreement by a Fund to repurchase the same assets at a later date at a fixed price.

The Funds may engage in short sales transactions in which a Fund sells a security it does not own. To complete such a transaction, a Fund must borrow or otherwise obtain the security to make delivery to the buyer. A Fund then is obligated to replace the security borrowed by purchasing the security at the market price at the time of replacement.

The Funds may enter into time deposits and Eurodollar time deposits. The Funds, and certain of the Underlying ETPs in which the Funds invest, may invest in ''Time Deposits'', and specifically ''Eurodollar Time Deposits''. Time Deposits are non-negotiable deposits, such as savings accounts or certificates of deposit, held by a financial institution for a fixed term with the understanding that the depositor can withdraw its money only by giving notice to the institution.

The Funds, and certain Underlying ETPs in which the Funds invest, from time to time, in the ordinary course of business, may purchase securities on a when-issued or delayed-delivery basis (*i.e.,* delivery and payment can take place between a month and 120 days after the date of the transaction). These securities are subject to market fluctuation and no interest accrues to the purchaser during this period.

The Funds may not purchase or sell commodities or commodity contracts unless acquired as a result of ownership of securities or other instruments issued by persons that purchase or sell commodities or commodities contracts; but this shall not prevent a Fund from purchasing, selling and entering into financial futures contracts (including futures contracts on indices of securities, interest rates and currencies), options on financial futures contracts (including futures contracts on indices of securities, interest rates and currencies), warrants, swaps, forward contracts, foreign currency spot and forward contracts or other derivative instruments that are not related to physical commodities.

Other Restrictions

A Fund may not, with respect to 75% of its total assets, purchase securities of any issuer (except securities issued or guaranteed by the U.S. government, its agencies or instrumentalities or shares of investment companies) if, as a result, more than 5% of its total assets would be invested in the securities of such issuer; or (ii) acquire more than 10% of the outstanding voting securities of any one issuer (and for purposes of this policy, the issuer of the underlying security will be deemed to be the issuer of any respective depositary receipt.)[28]

A Fund may not invest 25% or more of its total assets in the securities of one or more issuers conducting their principal business activities in the same industry or group of industries. This limitation does not apply to investments in securities issued or guaranteed by the U.S. government, its agencies or instrumentalities, or shares of investment companies. A Fund will not invest 25% or more of its total assets in any investment company that so concentrates.[29]

Each Fund may invest 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,[30] consistent with Commission guidance. Each 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 a Fund's net assets are vested in illiquid securities. 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.[31]

According to the Registration Statement, each Fund will seek to qualify for treatment as a Regulated Investment Company (''RIC'') under the Internal Revenue Code.[32]

Each Fund's investments will be consistent with its investment objective and will not be used to enhance leverage. While a Fund may invest in inverse ETFs, a Fund will not invest in leveraged (*e.g.,* 2X, –2X, 3X or –3X) ETFs.

Net Asset Value

According to the Registration Statement, each Fund will calculate Net Asset Value (''NAV'') by: (i) Taking the current market value of its total assets; (ii) subtracting any liabilities; and (iii) dividing that amount by the total number of Shares owned by shareholders.

In calculating NAV, a Fund will generally value its portfolio investments at market prices. In computing each Fund's NAV, a Fund's securities holdings will be valued based on their last readily available market price. Price information on listed securities and assets, including Underlying ETPs in which a Fund invests, will be taken from the exchange where the security or asset is primarily traded. Other portfolio securities and assets for which market quotations are not readily available or determined to not represent the current fair value will be valued based on fair value as determined in good faith by the Funds' Sub-Adviser in accordance with procedures adopted by a Fund's Board and in accordance with the 1940 Act. Because the International Gold ETF will invest primarily in Underlying ETPs with readily available pricing, it is expected that there will be limited circumstances in which the International Gold ETF would use fair value pricing—for example, if the exchange on which a portfolio security is principally traded closed early or if trading in a particular security was

[28] The diversification standard is set forth in Section 5(b)(1) of the 1940 Act.

[29] *See* Form N–1A, Item 9. The Commission has taken the position that a fund is concentrated if it invests more than 25% of the value of its total assets in any one industry. *See, e.g.,* Investment Company Act Release No. 9011 (October 30, 1975), 40 FR 54241 (November 21, 1975).

[30] In reaching liquidity decisions, the Adviser may consider the following factors: 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; and the nature of the security and the nature of the marketplace in which it trades (*e.g.,* the time needed to dispose of the security, the method of soliciting offers and the mechanics of transfer).

[31] The Commission has stated that long-standing Commission guidelines have required open-end funds to hold no more than 15% of their net assets in illiquid securities and other illiquid assets. *See* Investment Company Act Release No. 28193 (March 11, 2008), 73 FR 14618 (March 18, 2008), footnote 34. *See also,* Investment Company Act Release No. 5847 (October 21, 1969), 35 FR 19989 (December 31, 1970) (Statement Regarding ''Restricted Securities''); Investment Company Act Release No. 18612 (March 12, 1992), 57 FR 9828 (March 20, 1992) (Revisions of Guidelines to Form N–1A). A fund's portfolio security is illiquid if it cannot be disposed of in the ordinary course of business within seven days at approximately the value ascribed to it by the fund. *See* Investment Company Act Release No. 14983 (March 12, 1986), 51 FR 9773 (March 21, 1986) (adopting amendments to Rule 2a–7 under the 1940 Act); Investment Company Act Release No. 17452 (April 23, 1990), 55 FR 17933 (April 30, 1990) (adopting Rule 144A under the Securities Act of 1933).

[32] 26 U.S.C. 851.

halted during the day and did not resume prior to the time a Fund calculated its NAV.

Each Fund will have an approved pricing matrix at the time of launch. The matrix will be based on pre-determined rules for pricing logic (such as mean) and valuation point (such as market close). Third party pricing sources will be used. For assets such as options, futures, and swaps, in general, Bloomberg will be the primary source and Reuters the secondary source.

Spot currency transactions, hybrid instruments, and non-exchange-traded derivatives, including forwards, swaps and certain options, will normally be valued on the basis of quotes obtained from brokers and dealers or pricing services using data reflecting the earlier closing of the principal markets for those assets. Prices obtained from independent pricing services use information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Exchange-traded options will be valued at market closing price.

Futures and options on futures will be valued at the settlement price determined by the applicable exchange.

Unsponsored ADRs will be valued on the basis of the market closing price on the exchange where the stock of the foreign issuer that underlies the ADR is listed.

Domestic and foreign fixed income securities generally trade in the OTC market rather than on a securities exchange. A Fund will generally value these portfolio securities by relying on independent pricing services. A Fund's pricing services will use valuation models or matrix pricing to determine current value. In general, pricing services use information with respect to comparable bond and note transactions, quotations from bond dealers or by reference to other securities that are considered comparable in such characteristics as rating, interest rate, maturity date, option adjusted spread models, prepayment projections, interest rate spreads and yield curves. Matrix price is an estimated price or value for a fixed-income security. Matrix pricing is considered a form of fair value pricing.

The NAV per Share of a Fund will be computed by dividing the value of the net assets of a Fund (*i.e.,* the value of its total assets less total liabilities) by the total number of Shares of a Fund outstanding, rounded to the nearest cent. Expenses and fees, including without limitation, the management, administration and distribution fees, will be accrued daily and taken into account for purposes of determining NAV per Share. The NAV per Share for a Fund will be calculated by the Administrator and determined as of the close of the regular trading session on the New York Stock Exchange (ordinarily 4:00 p.m., Eastern Time) on each day that such exchange is open.

Creation and Redemption of Shares

According to the Registration Statement, the Funds will issue and redeem Shares on a continuous basis at the NAV only in a large specified number of Shares called a ''Creation Unit''. The Shares of the Funds will be ''created'' at their NAV by market makers, large investors and institutions only in block-size Creation Units of at least 25,000 Shares. A ''creator'' will enter into an authorized participant agreement with the Distributor or use a Depository Trust Company participant who has executed such a participant agreement. The consideration for purchase of a Creation Unit of each Fund generally will consist of an in-kind deposit of a designated portfolio of securities—the ''Deposit Securities''—per each Creation Unit constituting a substantial replication, or a representation, of the securities included in a Fund's portfolio and an amount of cash—the ''Cash Component''. Together, the Deposit Securities and the Cash Component constitute the ''Fund Deposit,'' which represents the minimum initial and subsequent investment amount for a Creation Unit of a Fund. The Cash Component is an amount equal to the difference between the NAV of the Shares of a Fund (per Creation Unit) and the market value of the Deposit Securities. The Administrator, through the National Securities Clearing Corporation (''NSCC'') will, make available on each business day, immediately prior to the opening of business on the Exchange (currently 9:30 a.m., Eastern Time), the list of the names and the required number of each Deposit Security to be included in the current Fund Deposit (based on information at the end of the previous business day) for each Fund. Such Fund Deposit is applicable, subject to any adjustments, in order to effect creations of Creation Units of a Fund until such time as the next-announced composition of the Deposit Securities is made available.

Shares may be redeemed only in Creation Units at their NAV next determined after receipt of a redemption request in proper form by a Fund through the Administrator and only on a business day. The Trust will not redeem Shares of a Fund in amounts less than Creation Units. Unless cash redemptions are available or specified for a Fund, the redemption proceeds for a Creation Unit generally will consist of ''Fund Securities''—as announced by the Administrator on the business day of the request for redemption received in proper form—plus cash in an amount equal to the difference between the NAV of the Shares of a Fund being redeemed, as next determined after a receipt of a request in proper form, and the value of the Fund Securities, less a redemption transaction fee. The Administrator, through the NSCC, will make available immediately prior to the opening of business on the Exchange (currently 9:30 a.m., Eastern Time) on each business day, Fund Securities that will be applicable to redemption requests received in proper form on that day.

The Trust reserves the right to offer an ''all cash'' option for creations and redemptions of Creation Units for a Fund.

According to the Registration Statement, if it is not possible to effect deliveries of Fund Securities, the Trust may in its discretion exercise its option to redeem Shares of a Fund in cash, and the redeeming beneficial owner will be required to receive its redemption proceeds in cash. In addition, an investor may request a redemption in cash which a Fund may, in its sole discretion, permit.[33] In either case, the investor will receive a cash payment equal to the NAV of its Shares based on the NAV of Shares of a Fund next determined after the redemption request is received in proper form (minus a redemption transaction fee and additional charge for requested cash redemptions, as described in the Registration Statement). A Fund may also, in its sole discretion, upon request of a shareholder, provide such redeemer a portfolio of securities which differs from the exact composition of the applicable Fund Securities but does not differ in NAV. Redemptions of Shares for Fund Securities will be subject to compliance with applicable federal and state securities laws and a Fund (whether or not it otherwise permits cash redemptions) reserves the right to redeem Creation Units for cash to the extent that a Fund could not lawfully deliver specific Fund Securities upon redemptions or could not do so without first registering Fund Securities under such laws. An authorized participant or an investor for which it is acting subject to a legal restriction with respect to a

[33] The Adviser represents that, to the extent the Trust effects the redemption of Shares in cash, such transactions will be effected in the same manner for all authorized participants.

particular stock included in Fund Securities applicable to the redemption of a Creation Unit may be paid an equivalent amount of cash.

Availability of Information

The Funds' Web site (*www.advisorshares.com*), which will be publicly available prior to the public offering of Shares, will include a form of the prospectus for the Funds that may be downloaded. The Funds' Web site will include additional quantitative information updated on a daily basis, including, for each Fund, (1) daily trading volume, the prior business day's reported closing price, NAV and mid-point of the bid/ask spread at the time of calculation of such NAV (the ''Bid/Ask Price''),[34] and a calculation of the premium and discount of the Bid/Ask Price against the NAV, and (2) data in chart format displaying the frequency distribution of discounts and premiums of the daily Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters. On each business day, before commencement of trading in Shares in the Core Trading Session on the Exchange, the Funds' Web site will disclose the Disclosed Portfolio that will form the basis for each Fund's calculation of NAV at the end of the business day.[35]

On a daily basis, the Funds' Web site, or, if applicable, a Fund's Subsidiary's Web site) [sic] will disclose for each portfolio security and other financial instruments (e.g., futures, forwards, swaps) of each Fund and each Fund's Subsidiary, the following information: Ticker symbol (if applicable); name and, when available, the individual identifier (CUSIP) of the security and/or financial instrument; number of shares, if applicable, and dollar value of securities and financial instruments held in the portfolio; and percentage weighting of the security and financial instrument in the portfolio. The Web site information will be publicly available at no charge.

In addition, a basket composition file (*i.e.,* the Deposit Securities), which includes the security names and share quantities (as applicable) required to be delivered in exchange for Fund Shares, together with estimates and actual cash components, will be publicly disseminated daily prior to the opening of the NYSE via the NSCC. The basket will represent one Creation Unit of a Fund.

Investors will also be able to obtain the Trust's Statement of Additional Information (''SAI''), a Fund's Shareholder Reports, and its Form N–CSR and Form N–SAR, filed twice a year. The Trust's SAI and Shareholder Reports will be available free upon request from the Trust, and those documents and the Form N–CSR and Form N–SAR may be viewed on-screen or downloaded from the Commission's Web site at *www.sec.gov.* Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services. Information regarding the previous day's closing price and trading volume information for the Shares will be published daily in the financial section of newspapers. Quotation and last sale information for the Shares, Underlying ETPs, REITs, certain Equity Financial Instruments, pooled vehicles and other U.S. exchange-traded equities, will be available via the Consolidated Tape Association (''CTA'') high-speed line, and, for the underlying securities that are U.S. exchange-listed, will be available from the national securities exchange on which they are listed. Price information relating to non-U.S. exchange-traded Equity Financial Instruments will be available from major market data vendors or the foreign exchanges on which such securities are traded. Price information relating to fixed income securities will be available from major market data vendors. Information relating to futures and options on futures also will be available from the exchange on which such instruments are traded. Information relating to exchange-traded options will be available via the Options Price Reporting Authority. Quotation information from brokers and dealers or pricing services will be available for spot currency transactions, hybrid instruments, and non-exchange-traded derivatives, including forwards, swaps and certain options. In addition, the Portfolio Indicative Value, as defined in NYSE Arca Equities Rule 8.600 (c)(3), will be widely disseminated at least every 15 seconds during the Core Trading Session by one or more major market data vendors.[36] The dissemination of the Portfolio Indicative Value, together with the Disclosed Portfolio, will allow investors to determine the value of the underlying portfolio of each Fund on a daily basis and will provide a close estimate of that value throughout the trading day.

Additional information regarding the Trust and the Shares, including investment strategies, risks, creation and redemption procedures, fees, portfolio holdings disclosure policies, distributions and taxes is included in the Registration Statement. All terms relating to the Funds that are referred to, but not defined in, this proposed rule change are defined in the Registration Statement.

Trading Halts

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 Funds.[37] Trading in Shares of the Funds 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. These may include: (1) The extent to which trading is not occurring in the securities and/or the financial instruments comprising the Disclosed Portfolio of the Funds; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. Trading in the Shares will be subject to NYSE Arca Equities Rule 8.600(d)(2)(D), which sets forth circumstances under which Shares of the Funds may be halted.

Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. Shares will trade on the NYSE Arca Marketplace from 4 a.m. to 8 p.m. Eastern Time in accordance with NYSE Arca Equities Rule 7.34 (Opening, Core, and Late Trading Sessions). The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in NYSE Arca Equities Rule 7.6, Commentary .03, the minimum price variation (''MPV'') for quoting and entry of orders in equity securities traded on the NYSE Arca Marketplace is $0.01, with the exception of securities that are priced less than

[34] The Bid/Ask Price of Shares of each Fund will be determined using the mid-point of the highest bid and the lowest offer on the Exchange as of the time of calculation of a Fund's NAV. The records relating to Bid/Ask Prices will be retained by a Fund and its service providers.

[35] Under accounting procedures followed by the Funds, trades made on the prior business day (''T'') will be booked and reflected in NAV on the current business day (''T+1''). Accordingly, the Funds will be able to disclose at the beginning of the business day the portfolio that will form the basis for the NAV calculation at the end of the business day.

[36] Currently, it is the Exchange's understanding that several major market data vendors display and/or make widely available Portfolio Indicative Values taken from CTA or other data feeds.

[37] *See* NYSE Arca Equities Rule 7.12.

$1.00 for which the MPV for order entry is $0.0001.

The Shares of each Fund will conform to the initial and continued listing criteria under NYSE Arca Equities Rule 8.600. Consistent with NYSE Arca Equities Rule 8.600(d)(2)(B)(ii), the Adviser will 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 a Fund's portfolio. The Exchange represents that, for initial and/or continued listing, each Fund will be in compliance with Rule 10A–3 [38] under the Act, as provided by NYSE Arca Equities Rule 5.3. A minimum of 100,000 Shares of each Fund will be outstanding at the commencement of trading on the Exchange. The Exchange will obtain a representation from the issuer of the Shares of each Fund that the NAV per Share will be calculated daily and that the NAV and the Disclosed Portfolio as defined in NYSE Arca Equities Rule 8.600(c)(2) will be made available to all market participants at the same time.

Surveillance

The Exchange represents that trading in the Shares will be subject to the existing trading surveillances, administered by the Financial Industry Regulatory Authority (''FINRA'') on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws.[39] The Exchange represents that these procedures 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.

The surveillances referred to above generally focus on detecting securities trading outside their normal patterns, which could be indicative of manipulative or other violative activity. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations.

FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares, Underlying ETPs, exchange-listed equity securities (including Equity Financial Instruments), futures, options on futures, exchange-traded options, REITs, and pooled vehicles with other markets and other entities that are members of the ISG, and FINRA, on behalf of the Exchange, may obtain trading information regarding trading such securities and financial instruments from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares, Underlying ETPs, exchange-listed equity securities (including Equity Financial Instruments), futures, options on futures, exchange-traded options, REITs, and pooled vehicles from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.[40]

With respect to its investments in exchange-listed equity securities (including Equity Financial Instruments), a Fund will invest at least 90% of its assets invested in such equity securities in securities that trade in markets that are members of the ISG or are parties to a comprehensive surveillance sharing agreement with the Exchange.

In addition, the Exchange also has a general policy prohibiting the distribution of material, non-public information by its employees.

Information Bulletin

Prior to the commencement of trading, the Exchange will inform its Equity Trading Permit Holders in an Information Bulletin (''Bulletin'') of the special characteristics and risks associated with trading the Shares. Specifically, the Bulletin will discuss the following: (1) The procedures for purchases and redemptions of Shares in Creation Unit aggregations (and that Shares are not individually redeemable); (2) NYSE Arca Equities Rule 9.2(a), which imposes a duty of due diligence on its Equity Trading Permit Holders to learn the essential facts relating to every customer prior to trading the Shares; (3) the risks involved in trading the Shares during the Opening and Late Trading Sessions when an updated Portfolio Indicative Value will not be calculated or publicly disseminated; (4) how information regarding the Portfolio Indicative Value is disseminated; (5) the requirement that Equity Trading Permit Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (6) trading information.

In addition, the Bulletin will reference that the Funds will be subject to various fees and expenses described in the Registration Statement. The Bulletin will discuss any exemptive, no-action, and interpretive relief granted by the Commission from any rules under the Act. The Bulletin will also disclose that the NAV for the Shares will be calculated after 4:00 p.m. Eastern Time each trading day.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5) [41] that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Equities Rule 8.600. Trading in the Shares will be subject to the existing trading surveillances, administered by FINRA on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws. Neither the Adviser, the Sub-Adviser, nor the Gartman Capital Management, L.C. is a broker-dealer or is affiliated with a broker-dealer. The Exchange represents that these procedures 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. FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares, Underlying ETPs, exchange-listed equity securities (including Equity Financial Instruments), futures, options on futures, exchange-traded options, REITs, and pooled vehicles with other markets and other entities that are members of the ISG, and FINRA, on behalf of the Exchange, may obtain trading information regarding trading such securities and financial instruments from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares, Underlying ETPs, Shares, Underlying ETPs, exchange-listed equity securities (including Equity Financial Instruments), futures, options

[38] 17 CFR 240.10A–3.

[39] FINRA surveils trading on the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement.

[40] For a list of the current members of ISG, see *www.isgportal.org.* The Exchange notes that not all components of the Disclosed Portfolio for a Fund may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

[41] 15 U.S.C. 78f(b)(5).

on futures, exchange-traded options, REITs, and pooled vehicles from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. With respect to its investments in exchange-listed equity securities (including Equity Financial Instruments), a Fund will invest at least 90% of its assets invested in such equity securities in securities that trade in markets that are members of the ISG or are parties to a comprehensive surveillance sharing agreement with the Exchange. The Funds, and certain Underlying ETPs in which the Funds invest, may seek to invest no more than 10% of its net assets in asset-backed and mortgaged-backed securities. A Fund may buy or sell no more than 10% of its net assets in put and call options on foreign currencies either on exchanges or in the OTC market. The Funds will utilize cleared swaps if available, to the extent practicable and not enter into any swap agreement unless the Adviser believes that the other party to the transaction is creditworthy. Any swaps used will be cash collateralized as required. The options in which the Funds invest all will be traded in the U.S. on registered exchanges and OTC. The Underlying ETPs and futures in which the Funds invest all will be traded and listed in the U.S. on registered exchanges. The Funds' investment in unsponsored ADRs will not exceed 10% of a Fund's assets. The Funds may not purchase or hold illiquid securities if, in the aggregate, more than 15% of its net assets would be invested in illiquid securities. A Fund's investments in non-investment-grade securities will be limited to 10% of a Fund's assets. While a Fund may invest in inverse ETFs, a Fund will not invest in leveraged (*e.g.,* 2X, –2X, 3X or –3X) ETFs. A Fund's investments will be consistent with a Fund's investment objective and will not be used to enhance leverage.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in 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. In addition, a large amount of information will be publicly available regarding the Funds and the Shares, thereby promoting market transparency. Quotation and last sale information for the Shares, Underlying ETPs, REITs, certain Equity Financial Instruments, pooled vehicles and other U.S. exchange-traded equities, will be available via the CTA high-speed line, and, for the underlying securities that are U.S. exchange-listed, will be available from the national securities exchange on which they are listed. Information relating to futures and options on futures also will be available from the exchange on which such instruments are traded. Information relating to exchange-traded options will be available via the Options Price Reporting Authority. Quotation information from brokers and dealers or pricing services will be available for spot currency transactions, hybrid instruments, and non-exchange-traded derivatives, including forwards, swaps and certain options. In addition, the Portfolio Indicative Value will be widely disseminated by the Exchange at least every 15 seconds during the Core Trading Session. The Funds' Web site will include a form of the prospectus for the Funds that may be downloaded, as well as additional quantitative information updated on a daily basis. On each business day, before commencement of trading in Shares in the Core Trading Session on the Exchange, the Funds' Web site will disclose the Disclosed Portfolio that will form the basis for each Fund's calculation of NAV at the end of the business day. On a daily basis, the Funds' Web site, or, if applicable, a Fund's Subsidiary's Web site, will disclose for each portfolio security or other financial instrument of each Fund the following information: Ticker symbol, name and, when available, the individual identifier (CUSIP) of the security and/or financial instrument; number of shares or dollar value of securities and financial instruments held in the portfolio; and percentage weighting of the security and/or financial instrument in the portfolio. Moreover, prior to the commencement of trading, the Exchange will inform its Equity Trading Permit Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. Trading in Shares of the Funds will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. Trading in the Shares will be subject to NYSE Arca Equities Rule 8.600(d)(2)(D), which sets forth circumstances under which Shares of a Fund may be halted. In addition, as noted above, investors will have ready access to information regarding the Funds' holdings, the Portfolio Indicative Value, the Disclosed Portfolio, and quotation and last sale information for the Shares.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of additional types of actively-managed exchange-traded products that will enhance competition among market participants, to the benefit of investors and the marketplace. In addition, as noted above, investors will have ready access to information regarding the Funds' holdings, the Portfolio Indicative Value, the Disclosed Portfolio, and quotation and last sale information for the Shares.

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 that is not necessary or appropriate in furtherance of the purpose of the Act. The Exchange notes that the proposed rule change will facilitate the listing and trading of additional types of actively-managed exchange-traded products based on the price of gold and non-U.S. currencies that will enhance competition among market participants, to the benefit of investors and the marketplace.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days after publication (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve or disapprove the proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be 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.* Please include File Number SR–NYSEArca–2013–116 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–NYSEArca–2013–116. 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 also will be available for inspection and copying at the principal office of the Exchange. 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–NYSEArca–2013–116 and should be submitted on or before January 9, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[42]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2013–30179 Filed 12–18–13; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–71078; File No. SR–Phlx–2013–119]

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Fee Rebates for Transactions in Qualified Contingent Cross Orders

December 13, 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 December 2, 2013, NASDAQ OMX PHLX LLC (''Phlx'' or ''Exchange'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. 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 offer an additional rebate applicable to Qualified Contingent Cross (''QCC'') orders.

The text of the proposed rule change is available on the Exchange's Web site at *http://nasdaqomxphlx.cchwallstreet.com/,* at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the Exchange 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 these 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 aspects of such statements.

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

1. Purpose

The purpose of this filing is to offer an additional rebate applicable to both electronic QCC Orders (''eQCC'') [3] and Floor QCC Orders [4] (collectively ''QCC Orders''). The Exchange believes that the proposed amendment to its pricing for QCC Orders will enable the Exchange to attract additional QCC Orders by increasing the amount of rebates paid for certain increased thresholds.

Today, the Exchange pays rebates on QCC Orders based on the following five tier rebate schedule:

QCC REBATE SCHEDULE

Tier	Threshold	Rebate per contract
Tier 1	0 to 299,999 contracts in a month	$0.00
Tier 2	300,000 to 499,999 contracts in a month	0.07

[42] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] A QCC Order is comprised of an order to buy or sell at least 1000 contracts that is identified as being part of a qualified contingent trade, as that term is defined in Rule 1080(o)(3), coupled with a contra-side order to buy or sell an equal number of contracts. The QCC Order must be executed at a price at or between the National Best Bid and Offer and be rejected if a Customer order is resting on the Exchange book at the same price. A QCC Order shall only be submitted electronically from off the floor to the PHLX XL II System. *See* Rule 1080(o). *See also* Securities Exchange Act Release No. 64249 (April 7, 2011), 76 FR 20773 (April 13, 2011) (SR–Phlx–2011–47) (a rule change to establish a QCC Order to facilitate the execution of stock/option Qualified Contingent Trades (''QCTs'') that satisfy the requirements of the trade through exemption in connection with Rule 611(d) of the Regulation NMS).

[4] A Floor QCC Order must: (i) Be for at least 1,000 contracts, (ii) meet the six requirements of Rule 1080(o)(3) which are modeled on the QCT Exemption, (iii) be executed at a price at or between the National Best Bid and Offer (''NBBO''); and (iv) be rejected if a Customer order is resting on the Exchange book at the same price. In order to satisfy the 1,000-contract requirement, a Floor QCC Order must be for 1,000 contracts and could not be, for example, two 500-contract orders or two 500-contract legs. *See* Rule 1064(e). *See also* Securities Exchange Act Release No. 64688 (June 16, 2011), 76 FR 36606 (June 22, 2011) (SR–Phlx–2011–56).