V. Commission's Findings and Notice of No Objection

Section 806(e)(1)(G) of the Clearing Supervision Act provides that a designated financial market utility may implement a change if it has not received an objection from the Commission within 60 days of the later of (i) the date that the Commission receives notice of the proposed change or (ii) the date the Commission receives any further information it requests for consideration of the notice. A designated financial market utility may implement a proposed change in less than 60 days from the date of receipt of the notice of the change by the Commission, or the date the Commission receives any further information it requested, if the Commission notifies the designated financial market utility in writing that it does not object to the proposed change and authorizes the designated financial market utility to implement the proposed change on an earlier date, subject to any conditions imposed by the Commission.[8]

In its filing with the Commission, OCC requested that the Commission notify OCC that it has no objection to the change no later than February 14, 2014, which is one week before the February 21, 2014 termination date of the Existing Facility. OCC requested Commission action by this date, which is fewer than 60 days after OCC filed this advance notice, to ensure that there is no period of time during which OCC operates without access to additional liquidity for working capital needs and general corporate purposes, and to make certain that OCC remains in compliance with the liquidity requirements of CFTC regulation Section 39.11(e)(2) [9] at all times.

The Commission does not object to the changes described in the advance notice. The Commission agrees that the Extended Facility will afford OCC continued access to additional liquidity that should help OCC meet its CFTC requirement for working capital. Moreover, the Commission believes that access to the Extended Facility affords OCC needed flexibility in meeting its daily needs for operating capital. The Commission further believes that the Extended Facility represents an important safeguard against potential disruptions to OCC's ability to provide clearance and settlement services, and thereby enhances OCC's safety and soundness.[10] Improving OCC's resilience furthers the objectives of the Clearing Supervision Act,[11] and is consistent with the regulations adopted by the Commission thereunder.[12]

VI. Conclusion

Pursuant to Section 806(e)(1)(I) of the Clearing Supervision Act,[13] the Commission does not object to the proposed change, and hereby authorizes OCC to implement the Change (SR–OCC–2014–801) as of the date of this Order.

By the Commission.

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014–03574 Filed 2–18–14; 8:45 am]

BILLING CODE 8011–01–P

[8] 12 U.S.C. 5465(e)(1)(I).

[9] 17 CFR 39.11(e)(2).

[10] *See* 12 U.S.C. 5464(b) (noting that the objectives of the Clearing Supervision Act include a desire to ''promote the safety and soundness'' of clearing agencies).

[11] *Id.*

[12] 17 CFR 240.17Ad–22(d)(4) (requiring, pursuant to the Clearing Supervision Act, that clearing agencies (i) develop procedures to minimize ''sources of operational risk,'' (ii) implement systems that are ''reliable'' and ''resilient,'' and (iii) have ''business continuity plans that allow for . . . fulfillment of [the agency's] obligations,'' among other things).

[13] 12 U.S.C. 5465(e)(1)(I).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–71540; File No. SR–NYSEArca–2013–138]

Self-Regulatory Organizations; NYSE Arca, Inc.; Order Granting Approval of Proposed Rule Change, as Modified by Amendment No. 1 Thereto, Relating to Listing and Trading of Shares of iShares Enhanced International Large-Cap ETF and iShares Enhanced International Small-Cap ETF Under NYSE Arca Equities Rule 8.600

February 12, 2014.

I. Introduction

On December 13, 2013, NYSE Arca, Inc. (''Exchange'' or ''NYSE Arca'') filed with the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1] and Rule 19b–4 thereunder,[2] a proposed rule change to list and trade shares (''Shares'') of the iShares Enhanced International Large-Cap ETF (''Large-Cap Fund'') and iShares Enhanced International Small-Cap ETF (''Small-Cap Fund,'' each a ''Fund,'' and, collectively, ''Funds'') of the iShares U.S. ETF Trust (''Trust''). The proposed rule change was published for comment in the **Federal Register** on January 2, 2014.[3] On February 12, 2014, the Exchange submitted Amendment No. 1 to the proposed rule change.[4] The Commission received no comments on the proposal. This order grants approval of the proposed rule change, as modified by Amendment No. 1 thereto.

II. Description of the Proposed Rule Change

The Exchange proposes to list and trade Shares of the Funds under NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares. The Shares will be offered by the Trust,[5] which is registered with the Commission as an open-end management investment company. BlackRock Fund Advisors (''BFA'' or ''Adviser'') will serve as the investment adviser to the Funds. BFA is an indirect, wholly-owned subsidiary of BlackRock, Inc. BlackRock Investments, LLC will be the principal underwriter and distributor of the Funds' Shares. State Street Bank and Trust Company will serve as administrator, custodian, and transfer agent for the Funds. The Exchange represents that the Adviser is not registered as a broker-dealer but is affiliated with multiple broker-dealers and has implemented a ''fire wall'' with respect to such broker-dealers regarding access to information concerning the composition or changes to a Fund's portfolio.[6]

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

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 71186 (December 26, 2013), 79 FR 154 (''Notice'').

[4] The Exchange's initial proposal stated that the Funds' Indicative Optimized Portfolio Value (''IOPV''), which is the Portfolio Indicative Value as defined in NYSE Arca Equities Rule 8.600(c)(3), would be based on the current value of the securities and/or cash to be deposited in exchange for a creation unit of the Funds using market data converted into U.S. dollars at the current currency rates. In Amendment No. 1, the Exchange revised this statement and clarified that the IOPV instead will be based on the current value of the securities and other assets held by the Funds using market data converted into U.S. dollars at the current currency rates. Because Amendment No. 1 seeks to clarify the description of the IOPV and does not materially affect the substance of the proposed rule change or raise novel or unique issues, Amendment No. 1 does not require notice and comment.

[5] The Exchange represents that, on October 4, 2013, the Trust filed with the Commission Post-Effective Amendment No. 22 (with respect to the Large-Cap Fund, ''Large-Cap Registration Statement'') and Post-Effective Amendment No. 23 (with respect to the Small-Cap Fund, ''Small-Cap Registration Statement'') to its registration statement on Form N–1A under the Securities Act of 1933 (''Securities Act''), and under the Investment Company Act of 1940 (''1940 Act'') (File Nos. 333–179904 and 811–22649) (collectively, ''Registration Statements''). In addition, the Exchange states that the Trust has obtained certain exemptive relief under the 1940 Act. *See* Investment Company Act Release No. 29571 (January 24, 2011) (File No. 812–13601).

[6] *See* Commentary .06 to NYSE Arca Equities Rule 8.600. The Exchange represents that, in the

Continued

The Exchange has made the following representations and statements in describing the Funds and their respective investment strategies, including other portfolio holdings and investment restrictions.[7]

Large-Cap Fund

The Large-Cap Fund will seek long-term capital appreciation. The Fund will seek to achieve its investment objective by investing, under normal circumstances,[8] at least 80% of its net assets in equity securities of international large-capitalization issuers. The Fund will seek to maintain strategic exposure to international large-capitalization stocks with targeted investment characteristics. BFA will utilize a proprietary investment process to assemble an investment portfolio from a defined group of international large-capitalization stocks based on certain quantitative investment characteristics.

The Fund's proprietary investment process will begin with securities representing a defined investable universe of stocks of international large-capitalization issuers. The universe will then be subjected to rules-based screens designed to exclude securities with very low trading volume or very low prices. The stocks will then be scored based on quantitative metrics, including, but not limited to, cash earnings, earnings variability, leverage, price-to-book ratio, and market capitalization. BFA will assemble a portfolio emphasizing those stocks with higher cash earnings, lower earnings variability, lower leverage, lower price-to-book ratio, and smaller market capitalization relative to other stocks in the investable universe. BFA will seek to ensure that the Fund avoids unnecessary turnover and minimizes sources of risk by taking into account volatilities of certain factors and by placing constraints on the weighting of sectors, industries, and issuers.

The Fund will purchase publicly-traded exchange-listed common stocks of non-U.S. issuers. The Fund's investment in such stocks may be in the form of American Depositary Receipts (''ADRs''), Global Depositary Receipts (''GDRs''), and European Depositary Receipts (''EDRs,'' and together with ADRs and GDRs, collectively, ''Depositary Receipts'').[9] With respect to its investments in exchange-listed common stocks and Depositary Receipts of non-U.S. issuers, the Fund will invest at least 90% of its assets invested in such securities in exchange-listed common stocks and Depositary Receipts 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.

The Fund will generally invest in sponsored Depositary Receipts that are listed on ISG member exchanges and that BFA deems as liquid at the time of purchase. In certain limited circumstances, the Fund may invest in unlisted or unsponsored Depositary Receipts, Depositary Receipts listed on non-ISG member exchanges, or Depositary Receipts that BFA deems illiquid at the time of purchase or for which pricing information is not readily available.[10] The Exchange states that the issuers of unlisted or unsponsored Depositary Receipts are not obligated to disclose material information in the United States. Therefore, according to the Exchange, there may be less information available regarding such issuers, and there may be no correlation between available information and the market value of the Depositary Receipts.

Small-Cap Fund

The Small-Cap Fund will seek long-term capital appreciation. The Fund will seek to achieve its investment objective by investing, under normal circumstances,[11] at least 80% of its net assets in equity securities of international small-capitalization issuers. The Fund will seek to maintain strategic exposure to international small-capitalization stocks with targeted investment characteristics. BFA will utilize a proprietary investment process to assemble an investment portfolio from a defined group of international small-capitalization stocks based on certain quantitative investment characteristics.

The Fund's proprietary investment process will begin with securities representing a defined investable universe of stocks of international small-capitalization issuers. The universe will then be subjected to rules-based screens designed to exclude securities with very low trading volume or very low prices. The stocks will then be scored based on quantitative metrics, including, but not limited to, cash earnings, earnings variability, leverage, price-to-book ratio, and market capitalization. BFA will assemble a portfolio emphasizing those stocks with higher cash earnings, lower earnings variability, lower leverage, lower price-to-book ratio, and smaller market capitalization relative to other stocks in the investable universe. BFA will seek to ensure that the Fund avoids unnecessary turnover and minimizes sources of risk by taking into account volatilities of certain factors and by placing constraints on the weighting of sectors, industries, and issuers.

The Fund will purchase publicly-traded exchange-listed common stocks of non-U.S. issuers. To the extent the Fund invests in stocks of non-U.S. issuers, the Fund's investment in such stocks may be in the form of Depositary Receipts.[12] With respect to its investments in exchange-listed common stocks and Depositary Receipts of non-U.S. issuers, the Fund will invest at least 90% of its assets invested in such securities in exchange-listed common stocks and Depositary Receipts that trade in markets that are members of the ISG or are parties to a comprehensive

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event that (a) the Adviser or any sub-adviser registers as a 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 of or changes to a portfolio and will be subject to procedures designed to prevent the use and dissemination of material, non-public information regarding a portfolio.

[7] The Commission notes that additional information regarding the Trust, the Funds, and the Shares, including investment strategies, risks, net asset value (''NAV'') calculation, creation and redemption procedures, fees, portfolio holdings, disclosure policies, distributions, and taxes, among other information, is included in the Notice and the Registration Statements, as applicable. *See* Notice and Registration Statements, *supra* notes 3 and 5, respectively.

[8] The term ''under normal circumstances'' includes, but is not limited to, the absence of extreme volatility or trading halts in the equity 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] The Exchange states that Depositary Receipts are receipts, typically issued by a bank or trust issuer, which evidence ownership of underlying securities issued by a non-U.S. issuer. For ADRs, the depository is typically a U.S. financial institution and the underlying securities are issued by a non-U.S. issuer. For other forms of Depositary Receipts, the depository may be a non-U.S. or a U.S. entity, and the underlying securities may be issued by a non-U.S. or a U.S. issuer. Depositary Receipts are not necessarily denominated in the same currency as their underlying securities. Generally, ADRs, issued in registered form, are designed for use in the U.S. securities markets, and EDRs, issued in bearer form, are designed for use in European securities markets. GDRs are tradable both in the United States and in Europe and are designed for use throughout the world.

[10] Not more than 10% of the net assets of each Fund, in the aggregate, will be invested in (1) unlisted or unsponsored Depositary Receipts; (2) Depositary Receipts not listed on an exchange that is a member of the ISG or a party to a comprehensive surveillance sharing agreement with the Exchange; or (3) unlisted common stocks or common stocks not listed on an exchange that is a member of the ISG or a party to a comprehensive surveillance sharing agreement with the Exchange.

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

[12] *See* note 9, *supra.*

surveillance sharing agreement with the Exchange.

The Fund will generally invest in sponsored Depositary Receipts that are listed on ISG member exchanges and that BFA deems as liquid at time of purchase. In certain limited circumstances, the Fund may invest in unlisted or unsponsored Depositary Receipts, Depositary Receipts listed on non-ISG member exchanges, or Depositary Receipts that BFA deems illiquid at the time of purchase or for which pricing information is not readily available.[13] The Exchange states that issuers of unlisted or unsponsored Depositary Receipts are not obligated to disclose material information in the United States. Therefore, according to the Exchange, there may be less information available regarding such issuers, and there may be no correlation between available information and the market value of the Depositary Receipts.

Other Investments

While each Fund, under normal circumstances, will invest at least 80% of its net assets in its investments as described above, a Fund may directly invest in certain other investments, as described below. A Fund may temporarily depart from its normal investment process,[14] provided that the alternative, in the opinion of BFA, is consistent with a Fund's investment objective and is in the best interest of a Fund. However, BFA will not seek to actively time market movements.

A Fund may hold up to an aggregate amount of 15% of its net assets in illiquid securities (calculated at the time of investment), including Rule 144A securities deemed illiquid by the Adviser, consistent with Commission guidance.[15] 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 held in illiquid securities. According to the Exchange, illiquid securities include securities subject to contractual or other restrictions on resale and other instruments that lack readily available markets as determined in accordance with Commission staff guidance.

Each Fund may invest in repurchase and reverse repurchase agreements. The Exchange states that a repurchase agreement is an instrument under which the purchaser (*i.e.,* a Fund) acquires the security and the seller agrees, at the time of the sale, to repurchase the security at a mutually agreed upon time and price, thereby determining the yield during the purchaser's holding period. Reverse repurchase agreements involve the sale of securities with an agreement to repurchase the securities at an agreed-upon price, date, and interest payment and have the characteristics of borrowing.

Each Fund may invest in other short-term instruments, including money market instruments, on an ongoing basis to provide liquidity or for other reasons. According to the Exchange, money market instruments are generally short-term investments that may include but are not limited to: (i) Shares of money market funds (including those advised by BFA or otherwise affiliated with BFA); (ii) obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities (including government-sponsored enterprises); (iii) negotiable certificates of deposit, bankers' acceptances, fixed-time deposits, and other obligations of U.S. and non-U.S. banks (including non-U.S. branches) and similar institutions; (iv) commercial paper rated, at the date of purchase, ''Prime-1'' by Moody's Investors Service, Inc., ''F–1'' by Fitch Inc., or ''A–1'' by Standard & Poor's, or if unrated, of comparable quality as determined by BFA; (v) non-convertible corporate debt securities (*e.g.,* bonds and debentures) with remaining maturities at the date of purchase of not more than 397 days and that satisfy the rating requirements set forth in Rule 2a–7 under the 1940 Act; and (vi) short-term U.S. dollar-denominated obligations of non-U.S. banks (including U.S. branches) that, in the opinion of BFA, are of comparable quality to obligations of U.S. banks which may be purchased by a Fund. Any of these instruments may be purchased on a current or forward-settled basis. According to the Exchange, time deposits are non-negotiable deposits maintained in banking institutions for specified periods of time at stated interest rates.

Each Fund may enter into currency forward contracts for hedging and trade settlement purposes.[16] Each Fund may invest in total return swaps on single securities in limited circumstances, including as a means to gain exposure to securities that trade on exchanges that are not members of ISG. The credit risk of counterparties to swaps and forward contracts will be assessed and monitored in accordance with policies and procedures adopted by the Adviser and such contracts will be collateralized.[17] Each Fund also may invest in futures contracts based on currencies, stock indexes, and single stocks. The Funds will not invest in options.

Each Fund may invest a small portion of its assets in exchange-listed tracking stocks. The Exchange states that a tracking stock is a separate class of common stock whose value is linked to a specific business unit or operating division within a larger company and is designed to ''track'' the performance of such business unit or division. The tracking stock may pay dividends to shareholders independent of the parent company. The parent company, rather than the business unit or division, generally is the issuer of tracking stock. However, holders of the tracking stock may not have the same rights as holders of the company's common stock.

Each Fund will be classified as a ''diversified'' investment company under the 1940 Act.

Each Fund will not purchase the securities of issuers conducting their principal business activity in the same industry if, immediately after the purchase and as a result thereof, the value of a Fund's investments in that industry would equal or exceed 25% of the current value of a Fund's total assets, provided that this restriction does not limit a Fund's: (i) Investments in securities of other investment companies; (ii) investments in securities issued or guaranteed by the U.S. government, its agencies or instrumentalities; or (iii) investments in

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[13] *See* note 10, *supra.*

[14] Circumstances under which a Fund may temporarily depart from its normal investment process include, but are not limited to, extreme volatility or trading halts in the equity 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.

[15] 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).

[16] According to the Exchange, a forward currency contract is an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days from the date of the contract agreed upon by the parties, at a price set at the time of the contract.

[17] The Adviser has implemented policies and procedures to assess the creditworthiness of prospective and existing derivatives counterparties. Derivatives transactions are conducted only with approved counterparties with whom appropriate documentation is executed. Exposure to counterparties is independently and actively monitored. Where appropriate, collateral is posted and actively managed to reduce counterparty credit exposure.

repurchase agreements collateralized by U.S. government securities.

Each Fund intends to qualify for and to elect treatment as a separate regulated investment company under Subchapter M of the Internal Revenue Code. In addition, each Fund's investments will be consistent with its investment objective and will not be used to enhance leverage.

III. Discussion and Commission's Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of Section 6 of the Act [18] and the rules and regulations thereunder applicable to a national securities exchange.[19] In particular, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act,[20] which requires, among other things, that the Exchange's rules be designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. The Commission notes that the Funds and the Shares must comply with the initial and continued listing criteria in NYSE Arca Equities Rule 8.600 for the Shares to be listed and traded on the Exchange.

The Commission finds that the proposal to list and trade the Shares on the Exchange is consistent with Section 11A(a)(1)(C)(iii) of the Act,[21] which sets forth Congress' finding that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with respect to quotations for, and transactions in, securities. Quotation and last-sale information for the Shares of each Fund will be available via the Consolidated Tape Association (''CTA'') high-speed line. In addition, the IOPV,[22] which is 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.[23] On each business day, before commencement of trading in Shares in the Core Trading Session on the Exchange, each Fund will disclose on its Web site the Disclosed Portfolio, as defined in NYSE Arca Equities Rule 8.600(c)(2), that will form the basis for such Fund's calculation of NAV at the end of the business day.[24] In addition, a basket composition file, which includes the security names and share quantities (as applicable) required to be delivered in exchange for each Fund's Shares, together with estimates and actual cash components, will be publicly disseminated daily prior to the opening of the New York Stock Exchange, LLC (''NYSE'') via the National Securities Clearing Corporation. The basket will represent one creation unit of a Fund. The NAV of each Fund normally will be determined once each business day, generally as of the regularly scheduled close of normal trading on the NYSE (normally, 4:00 p.m., Eastern Time) on each day that the NYSE is open for trading, based on prices at the time of closing provided that (a) any Fund assets or liabilities denominated in currencies other than the U.S. dollar will be translated into U.S. dollars at the prevailing market rates on the date of valuation as quoted by one or more data service providers, and (b) U.S. fixed-income assets may be valued as of the announced closing time for trading in fixed-income assets in a particular market or exchange.[25] 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. The intra-day, closing, and settlement prices of equity securities, including common stocks, tracking stocks, and sponsored and unsponsored Depositary Receipts, will be readily available from the securities exchanges trading such securities, automated quotation systems, published or other public sources, or on-line information services such as Bloomberg or Reuters. Price information regarding currency, stock index, and single stock futures is available from the exchange on which such futures trade as well as from major market data vendors. Price information regarding unsponsored Depositary Receipts, swaps, currency forward contracts, and short-term instruments will be available from major

[18] 15 U.S.C. 78f.

[19] In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[20] 15 U.S.C. 78f(b)(5).

[21] 15 U.S.C. 78k–1(a)(1)(C)(iii).

[22] According to the Exchange, the IOPV will be based on the current value of the securities and other assets held by the Funds using market data converted into U.S. dollars at the current currency rates. The IOPV price will be based on quotes and closing prices from the securities' local market and may not reflect events that occur subsequent to the local market's close. Premiums and discounts between the IOPV and the market price may occur. The IOPV will not necessarily reflect the precise composition of the current portfolio of securities held by a Fund at a particular point in time or the best possible valuation of the current portfolio. Therefore, the IOPV should not be viewed as a ''real-time'' update of a Fund's NAV, which will be calculated only once a day. The quotations of certain Fund holdings may not be updated during U.S. trading hours if such holdings do not trade in the United States.

[23] According to the Exchange, several major market data vendors display and/or make widely available IOPVs taken from CTA or other data feeds.

[24] On a daily basis, each Fund will disclose for each portfolio security and other financial instrument of each Fund the following information on the Funds' Web site: Ticker symbol (if applicable), name of security and financial instrument, number of shares 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.

[25] According to the Exchange, equity investments, including common stocks, tracking stocks, and sponsored and unsponsored Depositary Receipts, and investments in futures, including currency, stock index, and single stock futures, will be valued at market value, which is generally determined using the last reported official closing price or last trading price on the exchange or other market on which the security or futures contract is primarily traded at the time of valuation. Swaps and currency forward contracts generally will be valued based on quotations from market makers or by a pricing service in accordance with valuation procedures approved by the Trust's Board of Directors/Trustees (''Board''). Repurchase agreements and reverse repurchase agreements are generally valued at par. Other short-term instruments will generally be valued at the last available bid price received from independent pricing services. In determining the value of a fixed income investment, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrixes, market transactions in comparable investments, various relationships observed in the market between investments, and calculated yield measures. In certain circumstances, short-term instruments may be valued on the basis of amortized cost. According to the Exchange, generally, trading in non-U.S. securities, U.S. government securities, money market instruments, certain fixed-income securities, and certain derivatives will be substantially completed each day at various times prior to the close of business on the NYSE. The values of such securities used in computing the NAV of a Fund will be determined as of such times. When market quotations are not readily available or are believed by BFA to be unreliable, a Fund's investments will be valued at fair value. Fair value determinations are made by BFA in accordance with policies and procedures approved by the Trust's Board and in accordance with the 1940 Act. BFA may conclude that a market quotation is not readily available or is unreliable if a security or other asset or liability does not have a price source due to its lack of liquidity, if a market quotation differs significantly from recent price quotations or otherwise no longer appears to reflect fair value, where the security or other asset or liability is thinly traded, or where there is a significant event subsequent to the most recent market quotation. The Exchange states that a ''significant event'' is an event that, in the judgment of BFA, is likely to cause a material change to the closing market price of the asset or liability held by a Fund. Non-U.S. securities whose values are affected by volatility that occurs in U.S. markets on a trading day after the close of foreign securities markets may be fair valued.

market data vendors. The Funds' Web site will include a form of the prospectus for each Fund and additional data relating to NAV and other applicable quantitative information.

The Commission further believes that the proposal to list and trade the Shares is reasonably designed to promote fair disclosure of information that may be necessary to price the Shares appropriately and to prevent trading when a reasonable degree of transparency cannot be assured. The Exchange will obtain a representation from the issuer of the Shares that the NAV per Share of each Fund will be calculated daily, and that the NAV and the Disclosed Portfolio for each Fund will be made available to all market participants at the same time. Trading in Shares of a Fund 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,[26] and trading in the Shares will be subject to NYSE Arca Equities Rule 8.600(d)(2)(D), which sets forth additional circumstances under which trading in the Shares of a Fund may be halted. The Exchange states that it has a general policy prohibiting the distribution of material, non-public information by its employees. Consistent with NYSE Arca Equities Rule 8.600(d)(2)(B)(ii), the Reporting Authority must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material, non-public information regarding the actual components of the Funds' portfolios. In addition, the Exchange states that the Adviser has implemented a ''fire wall'' with respect to its affiliated broker-dealers regarding access to information concerning the composition or changes to a Fund's portfolio.[27] 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.[28] The Exchange further 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. Moreover, prior to the commencement of trading, the Exchange states that it will inform its Equity Trading Permit Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares.

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

(1) The Shares will conform to the initial and continued listing criteria under NYSE Arca Equities Rule 8.600.

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

(3) FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares of the Funds, as well as underlying equity securities (including exchange-listed Depositary Receipts and tracking stocks) and futures 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 in the Shares of the Funds as well as underlying equity securities and futures from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares of the Funds as well as underlying equity securities (including exchange-listed Depositary Receipts and tracking stocks) and futures from ISG member markets or markets with which the Exchange has in place a comprehensive surveillance sharing agreement.

(4) Not more than 10% of the net assets of each Fund, in the aggregate, will be invested in (1) unlisted or unsponsored Depositary Receipts; (2) Depositary Receipts not listed on an exchange that is a member of the ISG or a party to a comprehensive surveillance sharing agreement with the Exchange; or (3) unlisted common stocks or common stocks not listed on an exchange that is a member of the ISG or a party to a comprehensive surveillance sharing agreement with the Exchange.

(5) 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. Specifically, the Information Bulletin will discuss the following: (a) The procedures for purchases and redemptions of Shares in creation unit aggregations (and that Shares are not individually redeemable); (b) 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; (c) the risks involved in trading the Shares during the Opening and Late Trading Sessions when an updated IOPV will not be calculated or publicly disseminated; (d) how information regarding the IOPV is disseminated; (e) 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 (f) trading information.

(6) For initial and continued listing, the Trust will be in compliance with Rule 10A–3 under the Act,[29] as provided by NYSE Arca Equities Rule 5.3.

(7) The Funds will not invest in options.

(8) To the extent that a Fund invests in futures, not more than 10% of the weight of such futures contracts held by a Fund in the aggregate will consist of components whose principal trading market is not a member of ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement.

[26] These reasons may include: (1) The extent to which trading is not occurring in the securities or the financial instruments composing the Disclosed Portfolio of a Fund; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. 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.

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

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

[29] *See* 17 CFR 240.10A–3.

(9) A Fund may hold up to an aggregate amount of 15% of its net assets in illiquid securities (calculated at the time of investment), including Rule 144A securities deemed illiquid by the Adviser, consistent with Commission guidance.

(10) The Adviser has implemented policies and procedures to assess the creditworthiness of prospective and existing derivatives counterparties. Derivatives transactions are conducted only with approved counterparties with whom appropriate documentation is executed. Exposure to counterparties is independently and actively monitored. Where appropriate, collateral is posted and actively managed to reduce counterparty credit exposure.

(11) Each Fund's investments will be consistent with its investment objective and will not be used to enhance leverage.

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

This approval order is based on all of the Exchange's representations, including those set forth above and in the Notice, and the Exchange's description of the Funds.

For the foregoing reasons, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act [30] and the rules and regulations thereunder applicable to a national securities exchange.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[31] that the proposed rule change (SR–NYSEArca–2013–138), as modified by Amendment No. 1, be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[32]

Kevin M. O'Neill,

Deputy Secretary.

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[30] 15 U.S.C. 78f(b)(5).

[31] 15 U.S.C. 78s(b)(2).

[32] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–71526; File No. SR–BX–2014–009]

Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing of Proposed Rule Change To Amend the Fee Schedule Under Exchange Rule 7018(a) With Respect to Transactions in Securities Priced at $1 per Share or More

February 12, 2014.

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 February 3, 2014, NASDAQ OMX BX, Inc. (''BX'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the 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 amend the fee schedule under Exchange Rule 7018(a) with respect to transactions in securities priced at $1 per share or more. The Exchange will implement the proposed rule change on February 3, 2014.

The text of the proposed rule change is also available on the Exchange's Web site at *http://nasdaqomxbx.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.

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

[2] 17 CFR 240.19b–4.

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

1. Purpose

The Exchange is proposing several changes to its fees for certain orders that execute at the New York Stock Exchange (''NYSE''). Additionally, the Exchange is proposing to modify the tier regarding credit for entering order [sic] that accesses liquidity in the BX Equities System.

Currently, the Exchange charges members for BSTG (includes BSKN orders since it is a form of BSTG), BSCN (includes BSKP orders since it is a form of BSCN) and BTFY orders that execute at NYSE $0.0025 per share executed. The Exchange is proposing to increase the charge assessed for all such orders executed at NYSE to $0.0030 per share.

Also currently, the Exchange charges members for BMOP orders that execute at NYSE $0.0027 per share executed. The Exchange is proposing to increase the charge assessed for such orders executed at NYSE to $0.0035 per share.

The Exchange is also proposing to modify a tier with respect to the rebates it pays for orders that access liquidity in securities priced at $1 or more. Currently, a member will receive a credit of $0.0013 per share executed when accessing liquidity [3] if the member (i) has a daily average volume of liquidity accessed in all securities during the month of 6 million or more shares through one or more of its BX Equities System market participant identifiers (''MPIDs''), and (ii) adds and/or removes liquidity of 40,000 or more contracts per day during the month through BX Options. The Exchange proposes to reduce the 40,000 or more contracts per day to 30,000 or more contracts per day.

The tier recognizes the prevalence of trading in which members simultaneously trade different asset classes within the same strategy. Because cash equities and options markets are linked, with liquidity and trading patterns on one market affecting those on the other, the Exchange believes that a pricing incentive that encourages market participant activity in BX Options will also support price discovery and liquidity provision in the BX Equities System.

2. Statutory Basis

BX believes that the proposed rule change is consistent with the provisions

[3] As with other rebate tiers, the tier does not apply to an order that executes against a midpoint pegged order, because the accessing order receives price improvement.