

consistent with the goal of improving the confidence of investors and other stakeholders in the quality and consistency of supplemental information.⁹

IV. The PCAOB's EGC Request

Section 103(a)(3)(C) of the Sarbanes-Oxley Act provides that any additional rules adopted by the PCAOB subsequent to April 5, 2012 do not apply to the audits of emerging growth companies ("EGCs"), unless the Commission determines that the application of such additional requirements is necessary or appropriate in the public interest, after considering the protection of investors and whether the action will promote efficiency, competition, and capital formation.¹⁰ Having considered those factors, and as explained further below, the Commission finds that applying the Proposed Rules to audits of EGCs is necessary or appropriate in the public interest.

The PCAOB has proposed application of its Proposed Rules to audits of all issuers, as applicable, including EGCs; and the PCAOB requested that the Commission make the determination to the extent necessary required by Section 103(a)(3)(C). To assist the Commission in making its determination, the PCAOB prepared and submitted to the Commission its own EGC analysis. The PCAOB's EGC analysis includes discussions of: (1) The economic baseline for consideration of the Proposed Rules; (2) the PCAOB's consideration of alternatives; (3) economic considerations; and (4) characteristics of EGCs. In its analysis, the PCAOB noted that, according to its research, the PCAOB is not aware of EGCs for which auditors would be required to apply the Proposed Rules, but that issuers may voluntarily file supplemental information to which the standard could apply.

The PCAOB's EGC analysis was included in the Commission's public notice soliciting comment on the Proposed Rules. No comments were received on the analysis. Based on the analysis submitted, we believe the information in the record is sufficient for us to make the EGC determination in relation to this standard. Specifically, the PCAOB's EGC analysis discussed its approach to developing the new standard and its consideration of alternatives, as well as the characteristics of EGCs and economic

considerations. The Commission also takes note, in particular, of the PCAOB's analysis which explained that the PCAOB is not aware of EGCs for which auditors would be required to apply the Proposed Rules, and the only entities that are currently required to file supplemental information to which Auditing Standard No. 17 would apply are: (1) Brokers and dealers pursuant to Rule 17a-5; and (2) Form 11-K¹¹ filers that elect to file plan financial statements and schedules prepared in accordance with the financial reporting requirements of the Employee Retirement Income Security Act of 1974.¹² Nonetheless, audited supplemental information can be provided by an EGC voluntarily. Although electing to do so is rare, the Commission believes that the Proposed Rules represent an improvement over PCAOB interim auditing standard AU section 551 for auditing and reporting on such information and should therefore be applied in such circumstances. Applying the same standard to audits of EGCs who voluntarily file supplemental information would be efficient for issuers and auditors and because of its scalability should not disproportionately affect EGCs.¹³ Approving the Proposed Rules for audits of EGCs also ensures that PCAOB standards continue to include appropriate direction for auditors when engaged to audit supplemental information.

V. Conclusion

The Commission has carefully reviewed and considered the Proposed Rules and the information submitted therewith by the PCAOB, including the PCAOB's EGC analysis and the comment letter received. In connection with the PCAOB's filing and the Commission's review,

A. The Commission finds that the Proposed Rules are consistent with the requirements of the Sarbanes-Oxley Act and the securities laws and are necessary or appropriate in the public interest or for the protection of investors; and

B. Separately, the Commission finds that the application of the Proposed

Rules to EGC audits is necessary or appropriate in the public interest, after considering the protection of investors and whether the action will promote efficiency, competition, and capital formation.

It is therefore ordered, pursuant to Section 107 of the Act and Section 19(b)(2) of the Exchange Act, that the Proposed Rules (File No. PCAOB-2013-02) be and hereby are approved.

By the Commission.

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014-03536 Filed 2-18-14; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-71549; File No. SR-OCC-2014-801]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of Advance Notice of and No Objection to an Amendment to The Options Clearing Corporation's Unsecured, Committed Credit Agreement

February 12, 2014.

Notice is hereby given that, on January 14, 2014, The Options Clearing Corporation ("OCC") filed an advance notice with the Securities and Exchange Commission ("Commission") pursuant to Section 806(e)(1)(A) of Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, entitled the Payment, Clearing, and Settlement Supervision Act of 2010 ("Clearing Supervision Act"),¹ and Rule 19b-4(n)(1)(i) of the Securities Exchange Act of 1934 ("Exchange Act").² The advance notice is described in Items I, II, and III below, which Items have been prepared by OCC. The Commission is publishing this notice to solicit comments from interested persons, to issue a non-objection to the changes set forth in the advance notice, and to authorize OCC to implement those changes earlier than 60 days after the filing of the advance notice.

¹¹ 17 CFR 249.311. Form 11-K is used for annual reports pursuant to Exchange Act Section 15(d) with respect to employee stock purchase, savings and similar plans.

¹² 29 U.S.C. 1001 et seq. (1974).

¹³ To the extent the Commission considers in the future to amend filing requirements to require any new supplemental information to which the Proposed Rules would be applicable, the application of such requirements to EGCs could be considered in connection with any such rulemaking.

¹ 12 U.S.C. 5465(e)(1)(A). The Financial Stability Oversight Council designated OCC a systemically important financial market utility on July 18, 2012. See Financial Stability Oversight Council 2012 Annual Report, Appendix A, <http://www.treasury.gov/initiatives/fsoc/Documents/2012%20Annual%20Report.pdf>. Therefore, OCC is required to comply with Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

² 17 CFR 240.19b-4(n)(1)(i).

⁹ *Ibid.*

¹⁰ Section 103(a)(3)(C) of the Sarbanes-Oxley Act, as amended by Section 104 of the Jumpstart Our Business Startups Act (the "JOBS Act"). The term "emerging growth company" is defined in Section 3(a)(80) of the Exchange Act.

I. Clearing Agency's Statement of the Terms of Substance of the Advance Notice

This advance notice concerns a proposed change to OCC's operations (the "Change") in the form of an amendment to its unsecured, committed credit agreement (the "Existing Agreement" or the "Existing Facility").

The Commission previously published a notice of no objection to OCC's advance notice filing through which OCC entered into the Existing Facility.³ The Existing Facility currently provides OCC with access to additional liquidity for working capital needs and general corporate purposes. The Existing Facility also helps OCC satisfy the liquidity requirement of the Commodity Futures Trading Commission's ("CFTC") regulation Section 39.11(e)(2). The Existing Facility is scheduled to terminate on February 21, 2014. The Change would extend the termination date of the Existing Facility for 364 days after the renewal date, increase the commitment amount of the Existing Facility from \$25 million to \$35 million, and make minor, non-material, changes to the terms of the Existing Facility requested by the lender (the "Extended Agreement" or the "Extended Facility").

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Advance Notice

In its filing with the Commission, OCC included statements concerning the purpose of and basis for the advance notice and discussed any comments it received on the advance notice. The text of these statements may be examined at the places specified in Item IV below. OCC has prepared summaries, set forth in sections (A) and (B) below, of the most significant aspects of these statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Advance Notice

Description of Change

The Change would provide OCC with continued access to an unsecured, committed credit facility in an aggregate principal amount of \$35 million until early 2015. The Extended Facility is designed to provide OCC with access to additional liquidity for working capital needs and general corporate purposes. The Extended Facility would also satisfy the liquidity requirement of CFTC regulation Section 39.11(e)(2).

OCC's principal reason for entering into the Extended Facility is to provide OCC additional flexibility in managing its liquid assets while ensuring continued compliance with the liquidity requirements of the CFTC regulation cited above. Among other things, CFTC regulation Section 39.11(a)(2) requires a derivatives clearing organization ("DCO") to hold an amount of financial resources that, at a minimum, exceeds the total amount that would enable the DCO to cover its operating costs for a period of at least one year, calculated on a rolling basis.⁴ In addition, CFTC regulation Section 39.11(e)(2) provides that these financial resources must include unencumbered, liquid financial assets (i.e., cash and/or highly liquid securities), equal to at least six months' operating costs and that if any portion of such financial resources is not sufficiently liquid, the DCO may rely on a committed line of credit or similar facility.⁵ Accordingly, OCC entered into the Existing Facility with BMO Harris Bank N.A. ("Lender") having a maximum aggregate principal loan amount not to exceed \$25 million. OCC now proposes to enter into an amendment to the Existing Facility to increase the maximum aggregate principal loan amount to \$35 million, extend the termination date to February 20, 2015, and make other non-material changes requested by the Lender. Attached to this filing as Exhibit 3B is a marked Summary of Terms and Conditions that are applicable to the Extended Facility.⁶ The marked Summary of Terms and Conditions show the changes from the Summary of Terms and Conditions applicable to the Existing Facility.⁷

In order to have continued access to the Existing Facility, OCC must execute an amendment to the Existing Agreement between OCC and the Lender. Ongoing conditions governing OCC's ability to access the Extended Facility would be the same as with the Existing Facility and would include that no default or event of default may exist before or during an extension of credit by the Lender to OCC through the Extended Facility and that certain

representations of OCC must remain true and correct. Events of default would include, but not be limited to, failure to pay any interest, principal, fees or other amounts when due, default under any covenant or agreement in any loan document, repudiation or cessation of the effectiveness of any loan document, materially inaccurate or false representations or warranties, cross default with other material debt agreements, insolvency, bankruptcy and unsatisfied judgments.

The Extended Facility would be available to OCC on a revolving basis for a 364-day term. Upon written or telephonic notice by OCC to the Lender of a request for funds, the Lender would disburse loaned funds to OCC in U.S. dollars. The date of any loan would be required to be a business day and the loans would be unsecured and made and evidenced by a promissory note provided by OCC. Under the Extended Facility, any loan proceeds would be required to be used by OCC to finance its working capital needs or for OCC's general corporate purposes.

As with the Existing Facility, OCC would have the ability to terminate the Extended Facility at any time. Termination within the first six months of the Extended Facility would trigger a termination fee. After six months from the date of entering the Extended Agreement with the Lender to establish the terms of the Extended Facility, OCC would be permitted to cancel the Extended Facility with no termination fee. Upon five days written notice during the term of the Extended Facility, OCC would also be permitted to reduce the overall size of the Extended Facility at any time. Any such reductions would be required to be made in an initial amount of at least \$2.5 million. Thereafter, reductions would be able to be made by OCC in multiples of \$1 million. In no event, however, would OCC be permitted to reduce the size of the Extended Facility to an amount that is less than the greater of either its aggregate principal amount of indebtedness outstanding with respect to loans from the Extended Facility or \$15 million.

The outstanding principal balance of all loans made to OCC through the Extended Facility will accrue interest equal to a base rate (generally equal to a Prime Rate, a Federal Funds Rate, or a LIBOR rate), as in effect from time to time, plus a certain applicable margin. Regardless of which method applies to a particular portion of OCC's total outstanding loan balance, in an event of a default, the calculation of the amount of interest would be subject a 2.00%

⁴ 17 CFR 39.11(a)(2).

⁵ 17 CFR 39.11(e)(2).

⁶ As OCC has requested confidential treatment of Exhibit 3B pursuant to 17 CFR 240.24b-2, Exhibit 3B will not be attached to the published version of this notice.

⁷ SR-OCC-2012-801, See Fn. 3 above. Other than as described in this Section II.A., the differences between the Existing Facility and the Extended Facility (that appear in the comparison attached to this filing as Exhibit 3) are non-material. As OCC has requested confidential treatment of Exhibit 3 pursuant to 17 CFR 240.24b-2, Exhibit 3 will not be attached to the published version of this notice.

³ Securities Exchange Act Release No. 34-68935 (February 13, 2013), 78 FR 12121 (February 21, 2013), (SR-OCC-2012-801).

increase above the otherwise applicable rate.

The Extended Facility would involve a variety of customary fees payable by OCC to the Lender, including but not limited to: (1) A one-time upfront fee payable at closing to the Lender calculated as a percentage of the total commitment amount of the Extended Facility; (2) commitment fees payable quarterly in arrears on the average daily unused amount of the Extended Facility; (3) reasonable out-of-pocket costs and expenses of the Lender in connection with the negotiation, preparation, execution and delivery of the Extended Facility and loan documentation, and costs and expenses in connection with any default, event of default or enforcement of the Extended Facility; and (4) termination fees if OCC elects to terminate the Extended Facility prior to six months from the date of the credit agreement underlying the Extended Facility.

Anticipated Effect on and Management of Risk

Overall, the Extended Facility would reduce the risks to OCC, its clearing members and the options market in general because it would provide OCC with additional liquidity for working capital needs and general corporate purposes and thereby assist OCC in satisfying the CFTC's requirements with respect to liquidity under CFTC regulation Section 39.11.

Like any lending arrangement, the Extended Facility would involve risks. One of the primary risks to OCC associated with the Extended Facility is the risk that the Lender would fail to fund when OCC requests a loan, because of the Lender's insolvency, operational deficiencies, or otherwise. Even if OCC were to draw on the Extended Facility for liquidity purposes, which it does not anticipate, OCC believes the potential funding risk associated with the Extended Facility is mitigated in several ways. First, the Lender would be a national banking association that is subject to oversight by prudential banking regulators with respect to its safety and soundness and its ability to meet its lending obligations. Furthermore, the \$35 million maximum size of the Extended Facility would be relatively small when compared to the total resources available to OCC. Therefore, if the Extended Facility proved unavailable to OCC for any reason, OCC believes it readily would be able to access, or arrange for access, to other sources of liquidity if necessary.

A second risk associated with the Extended Facility is the risk that OCC would default on its obligation to make

timely payment of principal or interest. Because the Extended Facility would be an unsecured lending arrangement, OCC would not be at risk in an event of default of the Lender's potentially liquidating OCC assets that are used to secure loaned funds. Furthermore, OCC intends to mitigate the risk of default by never drawing on the Extended Facility.

Accelerated Commission Action Requested

Pursuant to Section 806(e)(1)(I) of Title VIII of the Clearing Supervision Act, OCC requests that the Commission notify OCC that it has no objection to the Change no later than February 14, 2014, which is one week prior to the February 21, 2014 termination date of the Existing Facility. OCC requests Commission action one week in advance of the effective date to ensure that there is no period of time that OCC operates without access to additional liquidity for working capital needs and general corporate purposes, and to satisfy the liquidity requirements of CFTC regulation Section 39.11(e)(2).

(B) Clearing Agency's Statement on Comments on the Advance Notice Received From Members, Participants or Others

Written comments on the advance notice were not and are not intended to be solicited with respect to the advance notice and none have been received.

III. Date of Effectiveness of the Advance Notice and Timing for Commission Action

The advance notice may be implemented if the Commission does not object to the advance notice within 60 days of the later of (i) the date that the advance notice was filed with the Commission or (ii) the date that any additional information requested by the Commission is received. OCC shall not implement the advance notice if the Commission has any objection to the advance notice.

The Commission may extend the period for review by an additional 60 days if the advance notice raises novel or complex issues, subject to the Commission providing OCC with prompt written notice of the extension. An advance notice may be implemented in less than 60 days from the date the advance notice is filed, or the date further information requested by the Commission is received, if the Commission notifies OCC in writing that it does not object to the advance notice and authorizes OCC to implement the advance notice on an earlier date, subject to any conditions imposed by the Commission.

The clearing agency shall post notice on its Web site of proposed changes that are implemented.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing. 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-OCC-2014-801 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-OCC-2014-801. 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 of submission. 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 advance notice that are filed with the Commission, and all written communications relating to the advance notice 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 Section, 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 such filing also will be available for inspection and copying at the principal office of OCC and on OCC's Web site at http://www.theocc.com/components/docs/legal/rules_and_bylaws/sr_occ_14_801.pdf.

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-OCC-2014-801 and should be submitted on or before March 12, 2014.

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

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,

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).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

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

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