

(5) For initial and continued listing, the Fund will be in compliance with Rule 10A-3 under the Exchange Act,<sup>71</sup> as provided by NYSE Arca Equities Rule 5.3.

(6) At least 80% of the Fund's total assets (exclusive of collateral held from securities lending, if any) will be invested in the component securities of the Index. The Fund will seek a correlation of 0.95 or better between its performance and the performance of its Index. A figure of 1.00 would represent perfect correlation. All options included in the Index will be listed and traded on a U.S. national securities exchange.

(7) The Fund's investments in swaps, futures contracts, forward contracts and options will be consistent with the Fund's investment objective and with the requirements of the 1940 Act. To limit the potential risk associated with such transactions, the Fund will segregate or "earmark" assets determined to be liquid by the Adviser in accordance with procedures established by the Trust's Board of Trustees and in accordance with the 1940 Act (or, as permitted by applicable regulation, enter into certain offsetting positions) to cover its obligations arising from such transactions. These procedures have been adopted consistent with Section 18 of the 1940 Act and related Commission guidance. In addition, the Fund will include appropriate risk disclosure in its offering documents, including leveraging risk. Leveraging risk is the risk that certain transactions of the Fund, including the Fund's use of derivatives, may give rise to leverage, causing the Fund to be more volatile than if it had not been leveraged. To mitigate leveraging risk, the Adviser will segregate or "earmark" liquid assets or otherwise cover the transactions that may give rise to such risk. The Fund may not invest in leveraged or inverse leveraged (e.g., 2X, -2X, 3X, or -3X) ETFs or options on such ETFs. The Fund's investments will be consistent with its investment objective and will not be used to provide multiple returns of a benchmark or to produce leveraged returns.

(8) The Fund will transact only with swap dealers that have in place an ISDA agreement with the Fund. Where practicable, the Fund intends to invest in Cleared Swaps. The Fund will attempt to limit counterparty risk in non-cleared swap, forward, and OTC option contracts by entering into such contracts only with counterparties the Adviser believes are creditworthy and by limiting the Fund's exposure to each

counterparty. The Adviser will monitor the creditworthiness of each counterparty and the Fund's exposure to each counterparty on an ongoing basis. The Fund will seek, where possible, to use counterparties, as applicable, whose financial status is such that the risk of default is reduced. The Adviser will evaluate the creditworthiness of counterparties on an ongoing basis. In addition to information provided by credit agencies, the Adviser will evaluate each approved counterparty using various methods of analysis, such as, for example, the counterparty's liquidity in the event of default, the counterparty's reputation, the Adviser's past experience with the counterparty, and the counterparty's share of market participation.

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

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

(11) The Fund will include appropriate risk disclosure in its offering documents, which will be available on the Commission's Web site and on the Fund's Web site, [www.realityshares.com](http://www.realityshares.com).

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 Fund.

For the foregoing reasons, the Commission finds that the proposed rule change, as modified by Amendments No. 1 and No. 4 thereto, is consistent with Section 6(b)(5) of the Act<sup>72</sup> and the rules and regulations thereunder applicable to a national securities exchange.

## V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>73</sup> that the proposed rule change (SR-NYSEArca-2014-41), as modified by Amendments No. 1 and No. 4 thereto, be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>74</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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<sup>72</sup> 15 U.S.C. 78f(b)(5).

<sup>73</sup> *Id.*

<sup>74</sup> 17 CFR 200.30-3(a)(12).

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-73627; File No. SR-CME-2014-28]

### Self-Regulatory Organizations; Chicago Mercantile Exchange Inc.; Notice of Withdrawal of Proposed Rule Change Related to Enhancements to Risk Model for Credit Default Swaps

November 18, 2014.

On August 8, 2014, Chicago Mercantile Exchange Inc. ("CME") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change (SR-CME-2014-28) relating to CME's Risk Model for Credit Default Swaps ("CDS") as it applied only to broad-based index CDS products cleared by CME, and would not be applicable to security-based swaps. Notice of the proposed rule change was published in the **Federal Register** on August 18, 2014.<sup>3</sup> Notice of Amendment No. 2 to the proposed rule change was published in the **Federal Register** on September 8, 2014.<sup>4</sup> The Commission did not receive comments on the proposal.

On October 1, 2014, the Commission extended the time period in which to either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change to November 16, 2014.<sup>5</sup> On November 14, 2014, CME withdrew the proposed rule change (SR-CME-2014-28).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>6</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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

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

<sup>3</sup> Securities Exchange Act Release No. 34-72834 (August 13, 2014), 79 FR 48805 (August 18, 2014) (SR-CME-2014-28).

<sup>4</sup> Securities Exchange Act Release No. 34-72959 (September 2, 2014), 79 FR 53234 (September 8, 2014) (SR-CME-2014-28). On August 18, 2014, CME filed Amendment No. 1 to the proposed rule change. CME withdrew Amendment No. 1 on August 29, 2014.

<sup>5</sup> Securities Exchange Act Release No. 34-73283 (October 1, 2014), 79 FR 60563 (October 7, 2014) (SR-CME-2014-28).

<sup>6</sup> 17 CFR 200.30-3(a)(12).

<sup>71</sup> 17 CFR 240.10A-3.