advisers to register with the SEC. Because the Applicant has regulatory assets under management of more than $100 million, it is not prohibited from registering with Commission under Section 203A(a) of the Advisers Act. Therefore, absent relief, the Applicant would be required to register under Section 203(a) of the Advisers Act.

3. The Applicant submits that its relationship with the Additional Family Client does not change the nature of the office into that of a commercial advisory firm. In support of this argument, the Applicant notes that if the Former Sister-in-Law were the spouse of a lineal descendant, rather than the sibling of a former spouse of a lineal descendant, there would be no question that each of the persons presently being served by the office would be a Family Member, and that the related foundation would meet the requirements of paragraph (d)(4)(v) of the Family Office Rule pertaining to charitable foundations. The Applicant states that in requesting the order, the office is not attempting to expand its operations or engage in any level of commercial activity to which the Advisers Act is designed to apply. Indeed, although the Additional Family Client does not fall within the definition of Family Member, she is considered to be, and treated as, a member of the Simon Family and the number of natural persons who are not Family Members as a percentage of the total natural persons to whom the office would provide Advisory Services if relief were granted would be only approximately 11 percent. The Applicant maintains that, from the perspective of the Simon Family, the Applicant seeks to continue providing Advisory Services exclusively to members of a single family.

4. The Applicant also submits that there is no public interest in requiring the Applicant to be registered under the Advisers Act. The Applicant states that the office is a private organization that was formed to be the ''family office'' for the Simon Family, and that the office does not have any public clients. The Applicant maintains that the office's Advisory Services are tailored exclusively to the needs of the Simon Family and the Additional Family Client. The Applicant argues that the presence of the Additional Family Client, who has been receiving Advisory Services from the office for 26 years, does not create any public interest that would require the office to be registered under the Advisers Act that is different in any manner than the considerations that apply to a ''family office'' that complies in all respects with the Family Office Rule.

5. The Applicant argues that, although the Family Office Rule largely codified the exemptive orders that the Commission had previously issued before the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Commission recognized in proposing the rule that the exact representations, conditions, or terms contained in every exemptive order could not be captured in a rule of general applicability. The Commission noted that family offices would remain free to seek a Commission exemptive order to advise an individual or entity that did not meet the proposed family client definition, and that certain situations may raise unique conflicts and issues that are more appropriately addressed through an exemptive order process where the Commission can consider the specific facts and circumstances, than through a rule of general applicability. The Applicant maintains that its unusual circumstances—providing Services to Family Clients and to an Additional Family Client for the past 26 years—have not changed the nature of the office's operations into that of a commercial advisory business, and that an exemptive order is appropriate based on the Applicant's specific facts and circumstances.

6. For the foregoing reasons, the Applicant requests an order declaring it to be a person not within the intent of Section 202(a)(11) of the Advisers Act. The Applicant submits that the order is necessary and appropriate, in the public interest, consistent with the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Advisers Act.

The Applicant's Conditions

1. The Applicant will offer and provide Advisory Services only to Family Clients and to the Additional Family Client, who will generally be deemed to be, and be treated as if she and the related foundation were, a Family Client; provided, however, that the Additional Family Client will be deemed to be, and treated as if she were, a Family Member for purposes of paragraph (b)(1) and for purposes of paragraph (d)(4)(vi) of the Family Office Rule.

2. The Applicant will at all times be wholly owned by Family Clients and exclusively controlled (directly or indirectly) by one or more Family Members and/or Family Entities (excluding the Additional Family Client's Family Entity) as defined in paragraph (d)(5) of the Family Office Rule.

3. At all times the assets beneficially owned by Family Members and/or Family Entities (excluding the Additional Family Client's Family Entity) will account for at least 75 percent of the assets for which the Applicant provides Advisory Services.

4. The Applicant will comply with all the terms for exclusion from the definition of investment adviser under the Advisers Act set forth in the Family Office Rule except for the limited exception requested by this Application.

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

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014–30435 Filed 12–29–14; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC–31388; File No. 812–14403]

Royal Bank of Canada, et al.; Notice of Application and Temporary Order

December 19, 2014.

AGENCY: Securities and Exchange Commission (''Commission'').

ACTION: Temporary order and notice of application for a permanent order under section 9(c) of the Investment Company Act of 1940 (''Act'').

SUMMARY OF APPLICATION: Applicants have received a temporary order (''Temporary Order'') exempting them from section 9(a) of the Act, with respect to an injunction entered against Royal Bank of Canada (''RBC'') on December 18, 2014 by the United States District Court for the Southern District of New York (''Court''), in connection with a consent order between RBC and the United States Commodity Futures Trading Commission (''CFTC''), until the Commission takes final action on an application for a permanent order (the ''Permanent Order,'' and with the Temporary Order, the ''Orders''). Applicants also have applied for a Permanent Order.

APPLICANTS: RBC, RBC Europe Limited (''RBC EL''), RBC Capital Markets Arbitrage, S.A. (''CMA''), RBC Global Asset Management (U.S.) Inc. (''GAM US''), BlueBay Asset Management LLP (''BlueBay LLP''), BlueBay Asset Management USA LLC (''BlueBay USA''), and RBC Global Asset Management (UK) Limited (''GAM UK'') (each an ''Applicant'' and collectively, the ''Applicants'').

DATES: *Filing Date:* The application was filed on December 19, 2014.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on January 12, 2015, and should be accompanied by proof of service on Applicants, in the form of an affidavit, or for lawyers, a certificate of service. Pursuant to rule 0–5 under the Act, hearing requests should state the nature of the writer's interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Commission's Secretary.

ADDRESSES: Secretary, U.S. Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090; Applicants: RBC: 200 Bay Street, Toronto, Ontario, Canada M5J 2J5, GAM US, 50 South 6th Street, Minneapolis, MN 55402, BlueBay LLP, 77 Grosvenor Street, London W1K 3JR United Kingdom, BBAM USA, 4 Stamford Plaza, 107 Elm Street, Suite 512, Stamford, CT 06902, GAM UK and RBC EL, Riverbank House, 2 Swan Lane, London EC4R 3BF United Kingdom, and CMA, 16 Rue Notre Dame, Luxembourg, 2240, Luxembourg.

FOR FURTHER INFORMATION CONTACT: Bruce R. MacNeil, Senior Counsel, at (202) 551–6817, or Melissa R. Harke, Branch Chief, at (202) 551–6821 (Division of Investment Management, Chief Counsel's Office).

SUPPLEMENTARY INFORMATION: The following is a temporary order and a summary of the application. The complete application may be obtained via the Commission's Web site by searching for the file number, or an applicant using the Company name box, at *http://www.sec.gov/search/search.htm,* or by calling (202) 551–8090.

Applicants' Representations

1. RBC is a Canadian-chartered bank and a Canada-based global financial services firm. RBC is the ultimate parent of the other Applicants. RBC EL is a United Kingdom-based subsidiary of RBC that is registered in the United Kingdom to engage in capital market activities. CMA is a Luxembourg-based subsidiary of RBC that engages primarily in interdealer market making and proprietary trading. GAM US is a corporation formed under the laws of Minnesota. BlueBay LLP is a limited liability partnership incorporated in England and Wales. BlueBay USA is a limited liability company formed under the laws of Delaware. GAM UK is a corporation formed under the laws of the United Kingdom. GAM US, BlueBay LLP, BlueBay USA and GAM UK are each a wholly-owned subsidiary of RBC and are each an investment adviser registered under the Investment Advisers Act of 1940. GAM US, BlueBay LLP, BlueBay USA and GAM UK each serve as investment adviser or investment sub-adviser to investment companies registered under the Act, or series of such companies (each a ''Fund'') and are collectively referred to as the ''Fund Servicing Applicants.''

2. While no existing company of which RBC is an affiliated person within the meaning of section 2(a)(3) of the Act (''Affiliated Person''), other than the Fund Servicing Applicants, currently serves or acts as an investment adviser or depositor of any Fund, employees' securities company or investment company that has elected to be treated as a business development company under the Act, or principal underwriter (as defined in section 2(a)(29) of the Act) for any open-end management investment company registered under the Act (''Open-End Fund''), unit investment trust registered under the Act (''UIT''), or face-amount certificate company registered under the Act (''FACC'') (such activities, ''Fund Services Activities''),[1] Applicants request that any relief granted also apply to any existing company of which RBC is an Affiliated Person, other than RBC EL and CMA, and to any other company of which RBC may become an Affiliated Person in the future (together with the Fund Servicing Applicants, the ''Covered Persons'') with respect to any activity contemplated by section 9(a) of the Act.

3. On April 22, 2012, the CFTC filed a complaint, and on October 17, 2012, an amended complaint which superseded the original complaint (the ''Complaint'') in the Court captioned *Commodity Futures Trading Commission* v. *Royal Bank of Canada* (the ''Action''). The Complaint alleged that RBC entered into certain stock futures contract transactions in ''block trades,'' which are privately negotiated transactions pursuant to exchange rules, and that RBC entered into these block trades through its branches and internal trading accounts, and it traded opposite RBC EL and CMA. The Complaint also alleged a violation of Section 4c(a) of the Commodity Exchange Act (''CEA''), whereby RBC entered into the block trades with an express or implied understanding that the positions resulting from the trades would later be offset or delivered opposite each other, which achieved an economic and futures market nullity for the RBC corporate group because the RBC corporate group as a whole was not exposed to risk in the futures market. Furthermore, the Complaint alleged that, in violation of CFTC Regulation 1.38(a), the express or implied understandings for later trades were not reported to the OneChicago, LLC (''OneChicago'') futures exchange ''without delay,'' as required by OneChicago's rules.

4. RBC and the CFTC have reached an agreement to settle the Action. As part of the agreement, the CFTC submitted a consent order (''Consent Order'') to the Court. RBC has consented to the entry of the Consent Order by the Court, without admitting or denying the findings set forth therein (other than those relating to the jurisdiction of the Court and the jurisdiction of the CFTC over the Conduct[2]). On December 18, 2014 the Court entered the Consent Order which enjoins RBC from violating section 4c(a) of the CEA and CFTC Regulation 1.38(a) (the ''Injunction'') and required RBC to pay a civil monetary penalty of $35,000,000.[3]

Applicants' Legal Analysis

1. Section 9(a)(2) of the Act, in relevant part, prohibits a person who has been enjoined from engaging in or continuing any conduct or practice in connection with the purchase or sale of a security, or in connection with activities as an underwriter, broker or dealer, from acting, amCFTC v. Royal Bank of Canada, 12–CV–2497, (S.D.N.Y. Dec. 18, 2014).ong other things, as an investment adviser or depositor of any registered investment company or a principal underwriter for any Open-End Fund, UIT or FACC. Section 9(a)(3) of the Act makes the prohibition in section 9(a)(2) applicable to a company, any affiliated person of which has been disqualified under the provisions of section 9(a)(2). Section 2(a)(3) of the Act defines ''affiliated person'' to include, among others, any person directly or indirectly controlling, controlled by, or under common control with, the other person. Applicants state that, taken together, sections 9(a)(2) and 9(a)(3)

[1] RBC, RBC EL, and CMA are parties to the application, but do not and will not engage in Fund Services Activities.

[2] The alleged conduct giving rise to the Injunction (defined below) is referred to herein as the ''Conduct.''

[3] See Consent Order, CFTC v. Royal Bank of Canada, 12–cv–2497, Dkt. No. 124 (S.D.N.Y. Dec. 18, 2014).

would have the effect of precluding the Fund Servicing Applicants and Covered Persons from engaging in Fund Services Activities upon the entry of the Injunction against RBC because RBC is an Affiliated Person of each Fund Servicing Applicant and Covered Person.

2. Section 9(c) of the Act provides that, upon application, the Commission shall by order grant an exemption from the disqualification provisions of section 9(a) of the Act, either unconditionally or on an appropriate temporary or other conditional basis, to any person if that person establishes that: (a) The prohibitions of section 9(a), as applied to the person, are unduly or disproportionately severe or (b) the conduct of the person has been such as not to make it against the public interest or the protection of investors to grant the exemption. Applicants have filed an application pursuant to section 9(c) seeking a Temporary Order and a Permanent Order exempting the Fund Servicing Applicants and other Covered Persons from the disqualification provisions of section 9(a) of the Act. The Fund Servicing Applicants and other Covered Persons may, if the relief is granted, in the future act in any of the capacities contemplated by section 9(a) of the Act subject to the applicable terms and conditions of the Orders.

3. Applicants believe they meet the standards for exemption specified in section 9(c). Applicants state that the prohibitions of section 9(a) as applied to them would be unduly and disproportionately severe and that the conduct of Applicants has not been such as to make it against the public interest or the protection of investors to grant the exemption from section 9(a).

4. Applicants state the Conduct did not involve any of the Applicants engaging in Fund Services Activities. Applicants also state that the Conduct did not involve any Fund or the assets of any Fund. In addition, Applicants state that the Conduct involved proprietary trading in accounts owned by RBC, RBC EL and CMA and was not conducted on behalf of any Fund or using assets of any Fund.

5. Applicants state that: (a) None of the current directors, officers or employees of the Fund Servicing Applicants (or any other persons serving in such capacity during the time period covered by the Complaint) participated in the Conduct and (b) the personnel at RBC, RBC EL, or CMA who participated in the Conduct or who may subsequently be identified by RBC, RBC EL, CMA, or any U.S. or non-U.S. regulatory or enforcement agency as having been responsible for the Conduct have had no, and will not have any involvement in providing Fund Services Activities and will not serve as an officer, director, or employee of any Covered Person. Applicants assert that because the personnel of the Fund Servicing Applicants did not participate in the Conduct, the shareholders of Funds were not affected any differently than if those Funds had received services from any other non-affiliated investment adviser or sub-adviser.

6. Applicants submit that section 9(a) should not operate to bar them from serving the Funds and their shareholders in the absence of improper practices relating to their Fund Services Activities. Applicants state that the section 9(a) disqualification could result in substantial costs to the Funds to which the Fund Servicing Applicants provide investment advisory services, and such Funds' operations would be disrupted, as they sought to engage new advisers or sub-advisers. Applicants assert that these effects would be unduly severe given the Fund Servicing Applicants' lack of involvement in the Conduct. Moreover, Applicants state that RBC has taken remedial actions to address the Conduct, as outlined in the application. Thus, Applicants believe that granting the exemption from section 9(a), as requested, would be consistent with the public interest and the protection of investors.

7. Applicants state that the inability of the Fund Servicing Applicants to continue to provide investment advisory services to Funds would result in those Funds and their shareholders facing unduly and disproportionately severe hardships. Applicants state that they will distribute to the boards of directors of the Funds (the ''Boards'') written materials describing the circumstances that led to the Injunction and any impact on the Funds, and the application. The written materials will include an offer to discuss the materials at an in-person meeting with each Board for which the Fund Servicing Applicants provide Fund Services Activities, including the directors who are not ''interested persons'' of such Funds as defined in section 2(a)(19) of the Act, and their independent legal counsel as defined in rule 0–1(a)(6) under the Act. Applicants state they will provide the Boards with the information concerning the Injunction and the application that is necessary for those Funds to fulfill their disclosure and other obligations under the federal securities laws and will provide them a copy of the Consent Order as entered by the Court.

8. Applicants state that if the Fund Servicing Applicants were barred under section 9(a) of the Act from providing investment advisory services to the Funds, and were unable to obtain the requested exemption, the effect on their businesses and employees would be unduly and disproportionately severe because they have committed substantial capital and other resources to establishing an expertise in advising Funds. Applicants further state that prohibiting the Fund Servicing Applicants from engaging in Fund Services Activities would not only adversely affect their businesses, but would also adversely affect their employees who are involved in those activities. Applicants state that many of these employees working for the Fund Servicing Applicants could experience significant difficulties in finding alternative fund-related employment.

9. Applicants state that certain affiliates of the Applicants have previously received an order under section 9(c) of the Act, as the result of conduct that triggered section 9(a), as described in greater detail in the application.

Applicants' Conditions

Applicants agree that any order granted by the Commission pursuant to the application will be subject to the following conditions:

1. Any temporary exemption granted pursuant to the application shall be without prejudice to, and shall not limit the Commission's rights in any manner with respect to, any Commission investigation of, or administrative proceedings involving or against, Covered Persons, including without limitation, the consideration by the Commission of a permanent exemption from section 9(a) of the Act requested pursuant to the application or the revocation or removal of any temporary exemptions granted under the Act in connection with the application.

2. Each Applicant and Covered Person will adopt and implement policies and procedures reasonably designed to ensure that it will comply with any terms and conditions of the Orders within 60 days of the date of the Permanent Order.

3. RBC will comply with the terms and conditions of the Consent Order.

4. Applicants will provide written notification to the Chief Counsel of the Commission's Division of Investment Management with a copy to the Chief Counsel of the Commission's Division of Enforcement of a material violation of the terms and conditions of the Orders or Consent Order within 30 days of discovery of the material violation.

Temporary Order

The Commission has considered the matter and finds that Applicants have made the necessary showing to justify granting a temporary exemption.

Accordingly,

It is hereby ordered, pursuant to section 9(c) of the Act, that the Fund Servicing Applicants and any other Covered Persons are granted a temporary exemption from the provisions of section 9(a), solely with respect to the Injunction, subject to the representations and conditions in the application, from December 18, 2014, until the Commission takes final action on their application for a permanent order.

By the Commission.

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014–30225 Filed 12–29–14; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–73909; File No. SR–NYSEArca–2014–140]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Exchange Rules Regarding Trade Nullification and Price Adjustment

December 22, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on December 16, 2014, NYSE Arca, Inc. (the ''Exchange'' or ''NYSE Arca'') filed with the Securities and Exchange Commission (''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 the Substance of the Proposed Rule Change

The Exchange proposes to amend exchange rules regarding trade nullification and price adjustment. 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.

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

[2] 17 CFR 240.19b–4.

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

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

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

1. Purpose

The Exchange is proposing to add Rule 6.77A, ''Trade Nullification and Price Adjustment Procedure.'' [3] As proposed, Rule 6.77A would allow for transactions to be nullified if both parties to the transaction agree to the nullification and allow the price of executions to be adjusted if the price adjustment is agreed to by both parties to the transaction and authorized by the Exchange.[4] The Exchange is also proposing to make other conforming administrative changes to streamline the rules governing this subject with the Exchange's rules.

Background

Currently, pursuant to Commentary .02 of Rule 6.77, the Exchange allows for parties to agree to nullify an execution. Commentary .02 of Rule 6.77 also states that once both parties agree to the trade nullification, one party must ''promptly notify the Exchange for dissemination of cancellation information to the Options Price Reporting Authority.'' In addition, the Exchange currently allows for a mutual price adjustment for trades that meet the obvious error (or catastrophic error) requirements pursuant to Exchange Rule 6.87 if those mutual agreements are done within specific timeframes.[5] The Exchange is now proposing to relocate the aforementioned trade nullification language and add a provision to allow parties to mutually adjust prices of executions outside of those done in obvious error. The Exchange's proposal is based upon similar rules of the Chicago Board Options Exchange (''CBOE'') and Miami International Securities Exchange, LLC (''MIAX'').[6]

Proposed Rule 6.77A

The Exchange is proposing to add Rule 6.77A, ''Trade Nullification and Price Adjustment Procedure,'' which would: (a) Allow for any trades on the Exchange to be nullified if both parties to the trade agree to such nullification, and (b) allow for prices of executions to be adjusted if the price adjustment is agreed upon by both parties to the trade and authorized by the Exchange.[7]

As stated above, the Exchange currently allows for trades to be nullified based upon mutual agreement.[8] With the proposed addition of Rule 6.77A, the Exchange is only renumbering and relocating this provision and is not proposing a substantive change to the rule itself. The Exchange believes that having the provision as a standalone rule would make it easier for OTP Holders to locate. In addition, the Exchange believes this administrative change would streamline the provisions surrounding this notion to put in one place.

The Exchange is also proposing to add a provision allowing OTP Holders to mutually agree to adjust a price of an execution. The Exchange believes this provision is necessary given the benefits of adjusting a trade price rather than nullifying the trade completely. Because options trades are used to hedge transactions in other markets, including securities and futures, many OTP Holders, and their customers, would rather adjust prices of executions rather than nullify the transactions and, thus, lose a hedge altogether. As such, the Exchange believes it is in the best interest of investors to allow for price adjustments as well as nullifications. In addition, the Exchange believes it is in the nature of a fair and orderly market to allow for price adjustments rather than only cancellations because an adjustment would result in the least amount of disruption to the overall market. The Exchange also notes that current Exchange rules allow for prices of trades to be adjusted at the consent

[3] The Exchange notes that there are efforts by the exchanges to create a uniform trade nullification and adjustment rule. Should the uniform rule be approved and effective, the Exchange will amend its rules appropriately.

[4] The Exchange notes that, as proposed, Rule 6.77A would only apply to trades that were executed on the Exchange and, as such, any orders that were either fully or partially routed to, or executed, on another exchange would not be subject to the proposed Rule 6.77A.

[5] *See* Rule 6.87(a)(3) and (7) and 6.87(d)(3).

[6] *See* CBOE Rule 6.19 and Securities Exchange Act Release No. 72970 (September 3, 2014), 79 FR 53498 (September 9, 2014) (SR–CBOE–2014–066) and MIAX Rule 531 and Release No. 73463 (October 29, 2014), 79 FR 65445 (November 4, 2014) (SR–MIAX–2014–54).

[7] *See* note 5 *supra.*

[8] *See* Commentary .02 of Rule 6.77.