investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (*http://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–MIAX–2015–02 on the subject line.

Paper Comments

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090.

All submissions should refer to File Number SR–MIAX–2015–02. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (*http://www.sec.gov/rules/sro.shtml*).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR–MIAX–2015–02 and should be submitted on or before February 17, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[20]

Brent J. Fields,

Secretary.

[FR Doc. 2015–01248 Filed 1–23–15; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–74093: File No. SR–NYSEArca-2014–126]

Self-Regulatory Organizations; NYSE Arca, Inc.; Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, Relating to the Listing and Trading of Shares of the AdvisorShares Pacific Asset Enhanced Floating Rate ETF Under NYSE Arca Equities Rule 8.600

January 20, 2015.

I. Introduction

On November 19, 2014, 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 AdvisorShares Pacific Asset Enhanced Floating Rate ETF ("Fund") under NYSE Arca Equities Rule 8.600. On November 26, 2014, the Exchange filed Amendment No. 1 to the proposal.[3] The proposed rule change, as modified by Amendment No. 1 thereto, was published for comment in the **Federal Register** on December 8, 2014.[4] The Commission received no comments on the proposal. This order approves the proposed rule change, as modified by Amendment No. 1.

II. Description of the Proposal

The Exchange proposes to list and trade Shares of the Fund under NYSE Arca Equities Rule 8.600 ("Managed Fund Shares"), which governs the listing and trading of Managed Fund Shares on the Exchange. The Shares will be offered by AdvisorShares Trust ("Trust"), a statutory trust organized under the laws of the State of Delaware and registered with the Commission as an open-end management investment company.[5] AdvisorShares Investments, LLC ("Adviser") will be the investment adviser to the Fund, and Pacific Asset Management ("Sub-Adviser"), will be the sub-adviser to the Fund.[6] The Bank of New York Mellon ("Administrator") will serve as the administrator, custodian, transfer agent and fund accounting agent for the Fund. Foreside Fund Services, LLC will be the principal underwriter and distributor of the Fund's Shares.

The Exchange has made the following representations and statements in describing the Fund and its investment strategy, including other portfolio holdings and investment restrictions.[7]

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[20] 17 CFR 200.30–3(a)(12).

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

[2] 17 CFR 240.19b–4.

[3] Amendment No. 1 amended the proposed rule change in the following ways: (1) Specified that the floating rate high yield corporate bonds in which the Fund invests generally must have a $100 million par amount outstanding at the time of investment; (2) clarified that senior loans in which the Fund may invest includes leveraged loans; and (3) specified that the U.S. exchange-traded futures contracts, U.S. exchange-traded options on futures contracts, and U.S. exchange-traded put and call options in which the Fund invests will trade on exchanges that are members of the Intermarket Surveillance Group ("ISG").

[4] *See* Securities Exchange Act Release No. 73717 (December 2, 2014), 79 FR 72730 ("Notice").

[5] The Trust is registered under the Investment Company Act of 1940 ("1940 Act"). The Exchange states that on June 25, 2014, the Trust filed with the Commission an amendment to its registration statement on Form N–1A under the Securities Act of 1933 (15 U.S.C. 77a) and under the 1940 Act relating to the Fund (File Nos. 333–157876 and 811–22110) ("Registration Statement"). In addition, according to the Exchange, the Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act. *See* Investment Company Act Release No. 29291 (May 28, 2010) (File No. 812–13677).

[6] The Exchange represents that the Adviser is not registered as a broker-dealer or affiliated with a broker-dealer. The Sub-Adviser is not registered as a broker-dealer but is affiliated with Pacific Select Disteributors, Inc., a registered broker-dealer. The Exchange states that the Sub-Adviser represetnts that Pacific Select Distributors, Inc. is a limited purpose broker-dealer with a primary business purpose of serving as distributor for mutual funds and variable annuity products, and that Pacific Select Distributors, Inc. does not engage in any borkerage or trading activity. The Exchange states that in the event (a) the Adviser or the Sub-Adviser becomes a registered broker-dealer or becomes newly affiliated with a broker-dealer, or (b) any new adviser or sub-adviser is a registered broker-dealer or becomes affiliated with a broker-dealer, such adviser or sub-adviser 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 the portfolio, and the adviser or sub-adviser will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding the portfolio.

[7] The Commission notes that additional information regarding the Fund, the Trust, and the Shares, including investment strategies, risks, creation and redemption procedures, fees, portfolio holdings disclosure policies, distributions, and taxes, among other things, can be found in the Notice and the Registration Statement, as applicable. *See* Notice, *supra* note 4, and Registration Statement, *supra* note 5, respectively.

A. Principal Investments (under normal circumstances) [8]

According to the Exchange, the Fund's investment objective will seek to provide a high level of current income. The Fund will invest at least 80% of its net assets (plus any borrowings for investment purposes) in floating rate loans and other floating rate debt securities, derivatives or other instruments that have economic interests similar to such securities (each as described further below). The Exchange states that the Fund will seek to outperform the Credit Suisse Institutional Leveraged Loan Index. The portfolio will be diversified by industry and issuer, with no individual issuer representing more than 5% of the portfolio. The typical duration positioning will be between 0.25 years to 0.75 years as determined by the Sub-Adviser.[9]

The Fund will attempt to achieve its investment objective through investments in a focused portfolio comprised primarily of senior secured floating rate loans (''Senior Loans''), floating rate high yield corporate bonds,[10] index credit default swaps, single name credit default swaps, total return swaps,[11] interest rate swaps and cash.

According to the Exchange, Senior Loans and floating rate high yield corporate bonds in which the Fund intends to invest are expected to be rated below investment grade (*i.e.,* high yield/high risk securities, sometimes called non-investment grade securities)[12] or, may not be rated by any nationally recognized rating service, and if unrated, of comparable quality as determined by the Sub-Adviser.

According to the Exchange, the Fund generally will invest in Senior Loans (including leveraged loans) that may be in the form of participations and assignments.[13] Senior Loans in which the Fund will invest consist of domestic issuers and U.S. dollar denominated foreign issuers. The Fund will invest in Senior Loans that the Adviser or the Sub-Adviser deems to be highly liquid with readily available prices. The Fund will invest in Senior Loans rated C or higher by a credit rating agency registered as a nationally recognized statistical rating organization (''NRSRO'') with the Commission, or is unrated but considered to be of comparable quality by the Adviser or Sub-Adviser. The Fund will not invest in Senior Loans that are in default at the time of purchase. In addition, for investment purposes, the Senior Loan must have a par amount outstanding of $150 million or greater at the time the loan is originally issued.

According to the Exchange, floating rate high yield corporate bonds in which the Fund invests generally must have $100 million or more par amount outstanding at the time of investment.

To seek an increase in yield, the Fund expects to employ leverage to enhance potential return. The Fund may use leverage by (i) borrowing money, up to the maximum amount permitted under the 1940 Act, for investment purposes normally on a floating rate basis or (ii) through swaps. The Fund's investments in swaps will be made in accordance with the 1940 Act and consistent with the Fund's investment objective and policies.[14]

The Fund's assets that are not invested directly in Senior Loans, floating rate high yield corporate bonds, or swaps will be held in cash or cash equivalents, including money market instruments and exchange traded products (''ETPs'') [15] that invest in these and other highly liquid instruments, in order to cover its obligations under certain swaps. The larger the value of the Fund's derivative positions, the more the Fund will be required to maintain cash or cash equivalents as collateral for such derivatives.

B. Other (Non-Principal) Investments

The Exchange states that the Fund may invest up to 20% of its net assets

[8] The Exchange states that the term ''under normal circumstances'' means, without limitation, the absence of adverse market, economic, political or other conditions, including extreme volatility or trading halts in the fixed income 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] Duration is a measure used to determine the sensitivity of a security's price to changes in interest rates. The longer a security's duration, the more sensitive it will be to changes in interest rates.

[10] According to the Exchange, Senior Loans and floating rate high yield corporate bonds are instruments with interest rates which float, adjust, or vary periodically based upon a benchmark indicator, a specified adjustment schedule, or prevailing interest rates. Senior Loans, and some floating rate high yield corporate bonds, are debt instruments that may have a right to payment that is senior to most other debts of the borrowers. Borrowers may include corporations, partnerships and other entities that operate in a variety of industries and geographic regions.

[11] According to the Exchange, index credit default swaps (CDX) can be used to gain exposure to a basket of credit risk by selling protection against default or other credit events or by buying protection in order to hedge broad market credit risk. Single name credit default swaps (CDS) can be used to allow the Fund to increase or decrease exposure to specific issuers through lower trading costs. Total return swaps (TRS) are contracts to obtain the total return of a reference asset or index in exchange for paying a financing cost. Interest rate swaps (IRS) are agreements between two parties to exchange one stream of interest payments for another. Each of these swaps is a type of derivative instrument, a financial contract whose value depends upon, or is derived from, the value of an underlying asset, reference rate or index, and may relate to bonds, loans, interest rates and related indexes. CDX, CDS, TRS and IRS are collectively referred to as ''swaps.'' The Exchange states that the Fund will typically use exchange-traded and over-the-counter (''OTC'') swaps as (i) a method to enhance returns; (ii) a substitute for taking a position in the underlying asset; and, (iii) as a part of a strategy designed to reduce exposure to other risks. To limit potential risks associated with such transactions, the Fund will segregate assets determined to be liquid by the Sub-Adviser in accordance with the 1940 Act to cover its obligations under derivative instruments. The Fund will include appropriate risk disclosure in its offering documents, including leveraging risk. The use of swaps will increase the Fund's net exposure to a particular issue, fixed income markets, or the financial markets generally.

[12] According to the Exchange, non-investment-grade securities, also referred to as ''high yield securities'' or ''junk bonds,'' are debt securities that are rated lower than the four highest rating categories by a nationally recognized statistical rating organization (for example, lower than Baa3 by Moody's Investors Service, Inc. (''Moody's'') or lower than BBB- by Standard & Poor's (''S&P'')) or are determined to be of comparable quality by the Fund's Sub-Adviser.

[13] According to the Exchange, a direct interest in a Senior Loan may be acquired directly from the agent of the lender or another lender by assignment or an indirect interest may be acquired as a participation in another lender's portion of a Senior Loan. Generally, secured Senior Loans are secured by specific assets of the borrower.

[14] The Fund will seek, where possible, to use counterparties whose financial status is such that the risk of default is reduced; however, the risk of losses resulting from default is still possible. The Sub-Adviser will evaluate the creditworthiness of counterparties on an ongoing basis. In addition to information provided by credit agencies, the Sub-Adviser evaluates each approved counterparty using various methods of analysis, including earning updates, a broker-dealer's reputation, the Sub-Adviser's past experience with the broker-dealer, a counterparty's liquidity and its share of market participation.

[15] According to the Exchange, ETPs include Investment Company Units (as described in NYSE Arca Equities Rule 5.2(j)(3)); Index-Linked Securities (as described in NYSE Arca Equities Rule 5.2(j)(6)); Portfolio Depositary Receipts (as described in NYSE Arca Equities Rule 8.100); Trust Issued Receipts (as described in NYSE Arca Equities Rule 8.200); Commodity-Based Trust Shares (as described in NYSE Arca Equities Rule 8.201); Currency Trust Shares (as described in NYSE Arca Equities Rule 8.202); Commodity Index Trust Shares (as described in NYSE Arca Equities Rule 8.203); Trust Units (as described in NYSE Arca Equities Rule 8.500); and Managed Fund Shares (as described in NYSE Arca Equities Rule 8.600). The Exchange states that the ETPs all will be listed and traded in the U.S. on registered exchanges and that the Fund will invest in the securities of ETFs registered under the 1940 Act consistent with the requirements of Section 12(d)(1) of the 1940 Act, or any rule, regulation or order of the Commission or interpretation thereof and the Fund will only make such ETF investments in conformity with the requirements of Regulation M of the Internal Revenue Code of 1986, as amended. While the Fund may invest in inverse ETPs, the Fund will not invest in leveraged or inverse leveraged ETPs (*e.g.,* 2X or 3X).

in the securities and financial instruments described below.[16]

The Fund may invest in debt securities (other than those described in the Principal Investments section), including investment-grade, non-investment-grade, and unrated securities. Debt securities in which the Fund may invest consist of the following: (i) Bank obligations of domestic and foreign banks, which may include certificates of deposit, commercial paper,[17] bankers' acceptances, and fixed time deposits;[18] (ii) corporate debt; [19] (ii) asset-backed securities (''ABS''); [20] mortgage-backed securities (''MBS'') and mortgage-related securities; [21] inflation-indexed bonds;[22] floating rate loans (other than those described in the Principal Investments section) consisting of (a) unsecured senior loans and (b) secured and unsecured subordinated loans, second lien loans, and subordinated bridge loans (''Junior Loans''); [23] and U.S. government securities.[24]

The Fund may invest in issuers located outside the United States directly, or in financial instruments, ETFs, or other ETPs[25] that are indirectly linked to the performance of foreign issuers. Such financial instruments consist of American Depositary Receipts (''ADRs''), Global Depositary Receipts (''GDRs''), European Depositary Receipts (''EDRs''), International Depository Receipts (''IDRs''), ''ordinary shares,'' and ''New York shares'' issued and traded in the U.S.[26]

The Fund may trade U.S. exchange-traded futures contracts, U.S. exchange-traded or OTC options on futures contracts, and U.S. exchange-traded or OTC put and call options on securities and securities indices, as the Sub-Adviser determines is appropriate in seeking the Fund's investment objective, and except as restricted by the Fund's investment limitations. U.S. exchange-traded futures contracts, U.S. exchange-traded options on futures contracts, and U.S. exchange-traded put and call options in which the Fund invests will trade on exchanges that are members of ISG.

The Fund may invest in structured notes.[27]

The Fund may invest in exchange-traded equity securities that represent ownership interests in a company or partnership and that consist of common stocks, preferred stocks, warrants to acquire common stock, securities convertible into common stock, investments in master limited partnerships, and rights.

The Fund may invest in the securities of other investment companies (including index-based and actively managed) to the extent that such an investment would be consistent with the requirements of Section 12(d)(1) of the 1940 Act, or any rule, regulation or order of the Commission or interpretation thereof. Consistent with the restrictions discussed above, the Fund may invest in several different types of investment companies from

[16] Unless otherwise indicated, the Fund may invest up to 20% of its net assets in the types of investments referenced below in this section, subject to the limitations imposed by the Fund's investment objective, policies, and restrictions described in the Fund's Registration Statement, as well as the federal securities laws.

[17] According to the Exchange, commercial paper is a short-term obligation with a maturity ranging from one to 270 days issued by banks, corporations and other borrowers. The Fund may invest in commercial paper rated A–1 or A–2 by S&P or Prime-1 or Prime-2 by Moody's.

[18] According to the Exchange, the Fund will not invest in fixed time deposits which (i) are not subject to prepayment; or (ii) provide for withdrawal penalties upon prepayment, if in the aggregate, more than 15% of its net assets would be invested in such deposits, repurchase agreements with remaining maturities of more than seven days, or other illiquid assets.

[19] According to the Exchange, corporate debt are debt securities issued by businesses to finance their operations and consist of notes, corporate bonds, high yield bonds, debentures and commercial paper. The Fund may invest in corporate debt issued by domestic or foreign companies of all kinds, including those with small-, mid-, and large-capitalizations. The Fund may also invest in corporate debt securities which are representative of one or more high-yield bond or credit derivative indices, which may change from time to time.

[20] According to the Exchange, ABS are instruments created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans. ABS are issued through special purpose vehicles that are bankruptcy remote from the issuer of the collateral. The Fund may invest in ABS provided such securities are consistent with the Fund's investment objectives and policies. The Fund will not invest more than 5% of its net assets in non-agency ABS.

[21] According to the Exchange, MBS and mortgage-related securities are interests in pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks, and others. Pools of mortgage loans are assembled as securities for sale to investors by various governmental, government-related and private organizations. The Fund also may invest in debt instruments which are secured with collateral consisting of mortgage-related securities. The Fund will not invest, however, more than 5% of its net assets in MBS and mortgage-related securities.

[22] According to the Exchange, inflation-indexed bonds are debt securities whose principal value is periodically adjusted according to the rate of inflation.

[23] According to the Exchange, unsecured senior loans and Junior Loans are subject to the same general risks of Senior Loans; however, due to their lower place in the borrower's capital structure and possible unsecured status, unsecured senior loans and Junior Loans involve a higher degree of overall risk than Senior Loans of the same borrower. The Fund will invest in Junior Loans the Adviser or Sub-Adviser deems to be highly liquid with readily available prices. The Fund will invest in Junior Loans rated C or higher by a NRSRO, or unrated but considered to be of comparable quality by the Adviser or Sub-Adviser. The Fund will not invest in Junior Loans that are in default at time of purchase. In addition, for investment purposes, each Junior Loan must have a par amount outstanding of $150 million or greater at the time the loan is originally issued.

[24] According to the Exchange, U.S. government securities are securities issued or guaranteed by the U.S. government or its agencies or instrumentalities, and consist of U.S. Treasury bills; U.S. Treasury notes; U.S. Treasury bonds; obligations issued by U.S. government agencies and instrumentalities which are supported by (a) the full faith and credit of the U.S. Treasury, (b) the discretionary authority of the U.S. government, or (c) the right of the issuer to borrow from the U.S. Treasury; separately traded principal and interest components of securities guaranteed or issued by the U.S. government or its agencies, instrumentalities, or sponsored enterprises if such components trade independently under the Separate Trading of Registered Interest and Principal of Securities program (''STRIPS'') or any similar program sponsored by the U.S. government; or U.S. Treasury zero-coupon bonds (which include U.S. Treasury bonds which have been stripped of their unmatured interest coupons, the coupons themselves, and receipts or certificates representing interests in such stripped debt obligations and coupons).

[25] *See supra* note 15.

[26] According to the Exchange, ADRs are U.S. dollar denominated receipts typically issued by U.S. banks and trust companies that evidence ownership of underlying securities issued by a foreign issuer. The underlying securities may not necessarily be denominated in the same currency as the securities into which they may be converted. The underlying securities are held in trust by a custodian bank or similar financial institution in the issuer's home country. The depositary bank may not have physical custody of the underlying securities at all times and may charge fees for various services, including forwarding dividends and interest and corporate actions. Generally, ADRs in registered form are designed for use in domestic securities markets and are traded on exchanges or OTC in the U.S. GDRs, EDRs, and IDRs are similar to ADRs in that they are certificates evidencing ownership of shares of a foreign issuer; however, GDRs, EDRs, and IDRs may be issued in bearer form and denominated in other currencies, and are generally designed for use in specific or multiple securities markets outside the U.S. EDRs, for example, are designed for use in European securities markets while GDRs are designed for use throughout the world. Ordinary shares are shares of foreign issuers that are traded abroad and on a U.S. exchange. New York shares are shares that a foreign issuer has allocated for trading in the U.S. ADRs, ordinary shares, and New York shares all may be purchased with and sold for U.S. dollars. ADRs may be sponsored or unsponsored, but the Exchange states that unsponsored ADRs will not exceed 10% of the Fund's net assets. In addition, the Exchange states that not more than 10% of the net assets of the Fund in the aggregate invested in equity securities (other than non-exchange-traded investment company securities) shall consist of equity securities whose principal market is not a member of the ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement.

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

time to time, including mutual funds, ETFs, exchange- and OTC-traded closed-end funds, and exchange- and OTC-traded business development companies (''BDCs'').[28]

The Fund may invest in the securities of exchange and OTC-traded pooled investment vehicles that are not investment companies and, thus, not required to comply with the provisions of the 1940 Act. These pooled vehicles typically hold commodities, such as gold or oil, currency, or other property that is itself not a security.[29]

The Fund may enter into repurchase agreements with financial institutions, which may be deemed to be loans.[30]

The Fund may engage in short sales transactions in which the Fund sells a security it does not own.

The Fund may utilize swaps (other than those referenced in the Principal Investments section) in an attempt to gain exposure to the securities in a market without actually purchasing those securities, or to hedge a position. Such swaps consist of interest rate caps (under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates exceed a specified rate or ''cap''), interest rate floors (under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates fall below a specified level or ''floor''), and interest rate collars (under which a party sells a cap and purchases a floor or vice versa in an attempt to protect itself against interest rate movements exceeding given minimum or maximum levels).

To respond to adverse market, economic, political, or other conditions, the Fund may invest up to 100% of its total assets, without limitation, in debt securities and money market instruments, either directly or through ETPs.[31] The Fund may be invested in this manner for extended periods, depending on the Sub-Adviser's assessment of market conditions. For purposes of this paragraph, debt securities and money market instruments include shares of mutual funds, commercial paper, certificates of deposit, bankers' acceptances, U.S. government securities, repurchase agreements, and bonds that are rated BBB or higher.

C. Fund Investment Restrictions

The Fund may hold up to an aggregate amount of 15% of its net assets in illiquid assets (calculated at the time of investment), including Rule 144A securities deemed illiquid by the Adviser or Sub-Adviser,[32] in accordance with Commission guidance. The 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 the Fund's net assets are held in illiquid assets. Illiquid assets 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.

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

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

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. The Fund's investments will not be used to seek performance that is the multiple or inverse multiple (*i.e.,* 2Xs and 3Xs) of the Fund's primary broad-based securities benchmark index (as defined in Form N–1A).[33]

III. Discussion and Commission Findings

After careful review, the Commission finds that the Exchange's proposal to list and trade the Shares is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange.[34] In particular, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with Section 6(b)(5) of the Act,[35] 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 Fund and the Shares must comply with the requirements of NYSE Arca Equities Rule 8.600 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,[36] 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 will be available via the Consolidated Tape Association (''CTA'') high-speed line. In addition, the Portfolio Indicative

[28] According to the Exchange, a BDC is a less common type of closed-end investment company that more closely resembles an operating company than a typical investment company.

[29] According to the Exchange, exchange-traded pooled investment vehicles include Trust Issued Receipts (as described in NYSE Arca Equities Rule 8.200); Commodity-Based Trust Shares (as described in NYSE Arca Equities Rule 8.201); Currency Trust Shares (as described in NYSE Arca Equities Rule 8.202); Commodity Index Trust Shares (as described in NYSE Arca Equities Rule 8.203); and Trust Units (as described in NYSE Arca Equities Rule 8.500).

[30] According to the Exchange, it is the current policy of the Fund not to invest in repurchase agreements that do not mature within seven days if any such investment, together with any other illiquid assets held by the Fund, amounts to more than 15% of the Fund's net assets. The investments of the Fund in repurchase agreements, at times, may be substantial when, in the view of the Sub-Adviser, liquidity or other considerations so warrant.

[31] *See supra* note 15.

[32] In reaching liquidity decisions, the Adviser or Sub-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).

[33] The Exchange represents that the Fund's broad-based securities benchmark index will be identified in a future amendment to the Registration Statement following the Fund's first full calendar year of performance.

[34] 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).

[35] 15 U.S.C. 78f(b)(5).

[36] 15 U.S.C. 78k–1(a)(1)(C)(iii).

Value of the Fund,[37] as defined in NYSE Arca Equities Rule 8.600(c)(3), will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Core Trading Session.[38] On each business day, before commencement of trading in Shares in the Core Trading Session on the Exchange, the Fund's Web site will disclose the Disclosed Portfolio (as defined in NYSE Arca Equities Rule 8.600(c)(2)) that will form the basis for the Fund's calculation of NAV at the end of the business day.[39] In addition, a basket composition file, which includes the security names and share quantities (as applicable) required to be delivered in exchange for the Fund's Shares, together with estimates and actual cash components, will be publicly disseminated daily prior to the opening of the Exchange via the National Securities Clearing Corporation. The Administrator will calculate the NAV per Share of the Fund as of the close of the regular trading session on the NYSE (ordinarily 4:00 p.m., Eastern Time) on each day such exchange is open.[40] Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services. Information regarding the previous day's closing price and trading volume information for the Shares will be published daily in the financial section of newspapers. Quotation and last sale information for the underlying U.S. Exchange-traded Equity will be available via the CTA high-speed line and from the national securities exchange on which they are listed. Quotation and last sale information for exchange-listed options cleared via the Options Clearing Corporation will be available via the Options Price Reporting Authority. Price information regarding exchange-traded options, exchange-traded swaps, exchange-traded closed end funds, futures, and Exchange-traded Equity held by the Fund will be available from the U.S. and non-U.S. exchanges trading such assets. Quotation information from brokers and dealers or pricing services will be available for unsponsored ADRs, non-exchange-traded derivatives (including swaps, options traded OTC, options on futures traded OTC, and certain structured notes), and OTC-traded Securities. Price information for investment company securities (other than ETFs, exchange-traded closed end funds, and exchange-traded BDCs) is available from the applicable investment company's Web site and from market data vendors. Pricing information regarding each asset class in which the Fund will invest will generally be available through nationally recognized data service providers through subscription agreements. Foreign exchange prices are available from major market data vendors. The Fund's Web site will include a form of the prospectus for the Fund that may be downloaded 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 and the Disclosed Portfolio will be made available to all market participants at the same time. Trading in the Shares of the Fund will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 have been reached. Trading in the Shares of the Fund also may be halted because of other market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable,[41] and

[37] According to the Exchange, the Portfolio Indicative Value calculation will be an estimate of the value of the Fund's Net Asset Value ("NAV") per Share using market data converted into U.S. dollars at the current currency rates. The Portfolio Indicative Value 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 Portfolio Indicative Value and the market price of the Shares may occur, and the Portfolio Indicative Value should not be viewed as a "real-time" update of the NAV per Share of the Fund, which will be calculated only once per day.

[38] The Exchange states that several major market data vendors display or make widely available Portfolio Indicative Values taken from the CTA or other data feeds.

[39] The Fund will disclose on the Fund's Web site the following information regarding each portfolio holding, as applicable to the type of holding: Ticker symbol; CUSIP number or other identifier, if any; a description of the holding (including the type of holding, such as the type of swap); the identity of the security, commodity, index, or other asset or instrument underlying the holding, if any; for options, the option strike price; quantity held (as measured by, for example, par value, notional value or number of shares, contracts, or units); maturity date, if any; coupon rate, if any; effective date, if any; market value of the holding; and the percentage weighting of the holding in the Fund's portfolio. The Web site information will be publicly available at no charge.

[40] The NAV per Share of the Fund will be computed by dividing the value of the net assets of the Fund (*i.e.,* the value of its total assets less total liabilities) by the total number of Shares of the Fund outstanding, rounded to the nearest cent. Expenses and fees are accrued daily and taken into account for purposes of determining NAV per Share. According to the Exchange, in computing the Fund's NAV, the Fund's securities holdings will be valued based on their last readily available market price. Price information on listed securities, including ETPs in which the Fund invests, will be taken from the exchange where the security is primarily traded. Other portfolio securities and assets for which market quotations are not readily available or determined to not represent the current fair value will be valued based on fair value as determined in good faith by the Fund's Sub-Adviser in accordance with procedures adopted by the Trust's Board of Directors ("Board"). U.S. exchange-traded options, exchange-traded swaps, and exchange-traded closed end funds will be valued at the closing settlement price determined by the applicable exchange. Exchange-traded equity securities, including common stocks, preferred stocks, warrants, convertible securities, rights, pooled investment vehicles, exchange-traded BDC's, master limited partnerships, ETPs, sponsored ADRs, GDRs, EDRs, IDRs, ordinary shares, and New York shares (collectively, "Exchange-traded Equity") will be valued at market value, which will generally be determined using the last reported official closing or last trading price on the exchange or market on which the security is primarily traded at the time of valuation or, if no sale has occurred, at the last quoted bid price on the primary market or exchange on which they are traded. If market prices are unavailable or the Fund believes that they are unreliable, or when the value of a security has been materially affected by events occurring after the relevant market closes, the Fund will price those securities at fair value as determined in good faith using methods approved by the Trust's Board. Unsponsored ADRs, which are traded OTC, will be valued on the basis of the market closing price on the exchange where the stock of the foreign issuer that underlies the ADR is listed. Investment company securities (other than ETFs, exchange-traded closed-end funds and exchange-traded BDCs), including mutual funds, OTC-traded closed-end funds, and OTC-traded BDCs, will be valued at net asset value. Non-exchange-traded derivatives, including swaps, options traded OTC, options on futures traded OTC, and certain structured notes, will normally be valued on the basis of quotes obtained from brokers and dealers or pricing services using data reflecting the earlier closing of the principal markets for those assets. Futures contracts will be valued at the settlement or closing price determined by the applicable exchange. Debt securities, floating rate loans, other floating rate debt securities, Senior Loans, Junior Loans, U.S. Treasury securities, OTC-traded pooled investment vehicles, other obligations issued or guaranteed by U.S. government agencies and instrumentalities, STRIPs, zero-coupon bonds, bank obligations, corporate debt securities, ABS, MBS, mortgage-related securities, commercial paper, repurchase agreements, inflation-indexed bonds, certificates of deposits, bankers' acceptances, and certain structured notes (collectively, "OTC-traded Securities") generally trade in the OTC market rather than on a securities exchange, and the Fund will generally value OTC-traded Securities by relying on independent pricing services. The Fund's debt securities will generally be valued at bid prices. In certain cases, some of the Fund's debt securities may be valued at the mean between the last available bid and ask prices. Foreign exchange rates will be priced using 4:00 p.m. (Eastern Time) mean prices from major market data vendors.

[41] These reasons may include: (1) The extent to which trading is not occurring in the securities and/or the financial instruments comprising the Disclosed Portfolio of the 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,

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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 Shares of the Fund may be halted. The Exchange represents 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 Fund's portfolio. In addition, the Exchange represents that the Adviser is not registered as a broker-dealer or affiliated with a broker-dealer, and that the Sub-Adviser is not registered as a broker-dealer but is affiliated with Pacific Select Distributors, Inc., a limited purpose registered broker-dealer that does not engage in any brokerage or trading activity.[42]

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. 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 federal securities laws applicable to trading on the Exchange.[43]

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

(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 and underlying exchange-traded equity securities, futures contracts, and exchange-traded options contracts 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 and underlying exchange-traded equity securities, futures contracts, and exchange-traded options contracts from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares and underlying exchange-traded equity securities, futures contracts, and exchange-traded options contracts from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. FINRA, on behalf of the Exchange, is able to access, as needed, trade information for certain fixed income securities held by the Fund that is reported to FINRA's Trade Reporting and Compliance Engine.

(4) 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 Portfolio Indicative Value will not be calculated or publicly disseminated; (d) how information regarding the Portfolio Indicative Value and the Disclosed Portfolio 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.

(5) For initial and continued listing, the Fund will be in compliance with Rule 10A–3 under the Act,[44] as provided by NYSE Arca Equities Rule 5.3.

(6) 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. The Fund's investments will not be used to seek performance that is the multiple or inverse multiple (*i.e.,* 2Xs and 3Xs) of the Fund's primary broad-based securities benchmark index (as defined in Form N–1A).

(7) The Fund may hold up to an aggregate amount of 15% of its net assets in illiquid assets (calculated at the time of investment), including Rule 144A securities deemed illiquid by the Adviser or Sub-Adviser, in accordance with Commission guidance. The 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 the Fund's net assets are held in illiquid assets.

(8) Floating rate high yield corporate bonds in which the Fund invests generally must have $100 million or more par amount outstanding at the time of investment.

(9) The Fund will invest in Senior Loans that the Adviser or the Sub-Adviser deems to be highly liquid with readily available prices. The Fund will not invest in Senior Loans that are in default at the time of purchase. In addition, for investment purposes, the Senior Loan must have a par amount outstanding of $150 million or greater at the time the loan is originally issued.

(10) The Fund's investments in swaps will be made in accordance with the 1940 Act and consistent with the Fund's investment objective and policies. The Fund will seek, where possible, to use counterparties whose financial status is such that the risk of default is reduced.

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the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Fund.

[42] *See supra* note 6. 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 Sub-Adviser and their 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.

[43] 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.

[44] 17 CFR 240.10A–3.

The Sub-Adviser will evaluate the creditworthiness of counterparties on an ongoing basis. The Fund will segregate assets determined to be liquid by the Sub-Adviser in accordance with the 1940 Act to cover its obligations under derivative instruments. The Fund will include appropriate risk disclosure in its offering documents, including leveraging risk.

(11) The Fund's portfolio will be diversified by industry and issuer, with no individual issuer representing more than 5% of the portfolio.

(12) Not more than 10% of the net assets of the Fund in the aggregate invested in equity securities (other than non-exchange-traded investment company securities) shall consist of equity securities whose principal market is not a member of the ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement. Not more than 10% of the net assets of the Fund in the aggregate invested in exchange-traded options contracts shall consist of options contracts whose principal market is not a member of the ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement. U.S. exchange-traded futures contracts, U.S. exchange-traded options on futures contracts, and U.S. exchange-traded put and call options in which the Fund invests will trade on exchanges that are members of ISG.

(13) Unsponsored ADRs will not exceed 10% of the Fund's net assets.

(14) The Fund may invest up to 5% of its net assets in non-agency ABS.

(15) The Fund may invest up to 5% of its net assets in MBS and mortgage-related securities.

(16) A minimum of 100,000 Shares 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 Fund.

For the foregoing reasons, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with Section 6(b)(5) of the Act[45] 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,[46] that the proposed rule change (SR–NYSEArca–2014–126), 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.[47]

Brent J. Fields,

Secretary.

[FR Doc. 2015–01246 Filed 1–23–15; 8:45 am]

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[45] 15 U.S.C. 78f(b)(5).

[46] 15 U.S.C. 78s(b)(2).

[47] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–74099; File No. SR–Phlx–2015–07]

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to SPY Pilot Program

January 20, 2015.

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 January 13, 2015, NASDAQ OMX PHLX LLC (''Phlx'' or ''Exchange'') 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 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 the Substance of the Proposed Rule Change

The Exchange proposes to extend the pilot program that eliminates position limits for options on the SPDR® S&P 500® exchange-traded fund (''SPY ETF'' or ''SPY''),[3] which list and trade under the symbol SPY (''SPY Pilot Program'').

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

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

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

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

1. Purpose

The purpose of the proposed rule change is to amend Rule 1001, entitled ''Position Limits,'' to extend the current pilot, which expires on February 4, 2015, to July 12, 2015 (''Extended Pilot''). This filing does not propose any substantive changes to the SPY Pilot Program. In proposing to extend the SPY Pilot Program, the Exchange reaffirms its consideration of several factors that supported the original proposal of the SPY Pilot Program, including (1) the availability of economically equivalent products and their respective position limits; (2) the liquidity of the option and the underlying security; (3) the market capitalization of the underlying security and the related index; (4) the reporting of large positions and requirements surrounding margin; and (5) the potential for market on close volatility.

The Exchange submitted a report to the Commission on January 2, 2015, which report reflected, during the time period from December 1, 2013 through November 30, 2014, the trading of standardized SPY options with no position limits consistent with option exchange provisions.[4] The report was prepared in the manner specified in Phlx's filing extending the SPY Pilot Program.[5] The Exchange notes that it is unaware of any problems created by the SPY Pilot Program and does not foresee any as a result of the proposed extension.

As with the original proposal, related to the SPY Pilot Program, the Exchange represents that a Pilot Report will be submitted at least thirty (30) days before

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

[2] 17 CFR 240.19b–4.

[3] ''SPDR®,'' ''Standard & Poor's®,'' ''S&P®,'' ''S&P 500®,'' and ''Standard & Poor's 500'' are registered trademarks of Standard & Poor's Financial Services LLC. The SPY ETF represents ownership in the SPDR S&P 500 Trust, a unit investment trust that generally corresponds to the price and yield performance of the SPDR S&P 500 Index.

[4] The report is attached as Exhibit 3.

[5] *See* Securities Exchange Act Release No. 70879 (November 14, 2013), 78 FR 69731 (November 20, 2013) (SR–Phlx–2013–108).