

### B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. An exchange's ability to price its proprietary market data feed products is constrained by actual competition for the sale of proprietary market data products, the joint product nature of exchange platforms, and the existence of alternatives to the Exchange's proprietary data. In addition to being able to choose which proprietary data products (if any) to use and how to use them, a user can avoid the late fees that are the subject of this filing entirely by simply complying with the requisite deadlines.

In setting the proposed fees, the Exchange considered the competitiveness of the market for proprietary data and all of the implications of that competition. The Exchange believes that it has considered all relevant factors and has not considered irrelevant factors in order to establish fair, reasonable, and not unreasonably discriminatory fees and an equitable allocation of fees among all users. The existence of fierce competition to sell proprietary data products and for order flow, as well as numerous alternatives to the Exchange's products, including proprietary data from other sources, ensures that the Exchange cannot set unreasonable fees, or fees that are unreasonably discriminatory, when vendors and subscribers can elect these alternatives or choose not to purchase a specific proprietary data product if the attendant fees are not justified by the returns that any particular vendor or data recipient would achieve through the purchase (the returns on use being a particularly important aspect of non-display uses of proprietary data).

### C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

### III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)<sup>11</sup> of the Act and subparagraph (f)(2) of Rule 19b-4<sup>12</sup>

thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)<sup>13</sup> of the Act to determine whether the proposed rule change should be approved or disapproved.

### 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](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEARCA-2015-34 on the subject line.

#### Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090. All submissions should refer to File Number SR-NYSEARCA-2015-34. 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 will also be available for inspection and copying at the NYSE's principal office and on its Internet Web site at [www.nyse.com](http://www.nyse.com). 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-NYSEARCA-2015-34, and should be submitted on or before May 29, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

**Brent J. Fields,**

*Secretary.*

[FR Doc. 2015-11059 Filed 5-7-15; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74866; File No. SR-NYSEArca-2015-15]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, to the List and Trade Shares of the Principal EDGE Active Income ETF Under NYSE Arca Equities Rule 8.600

May 4, 2015.

#### I. Introduction

On March 12, 2015, NYSE Arca, Inc. (the "Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission (the "Commission"), pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the "Act" or "Exchange Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> a proposed rule change to list and trade shares ("Shares") of the Principal EDGE Active Income ETF ("Fund") under NYSE Arca Equities Rule 8.600. The proposed rule change was published for comment in the **Federal Register** on March 27, 2015.<sup>4</sup> On April 14, 2015, the Exchange filed Amendment No. 1 to the proposal.<sup>5</sup> The Commission received no

<sup>14</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>4</sup> See Securities Exchange Act Release No. 74562 (March 23, 2015), 80 FR 16477 ("Notice").

<sup>5</sup> In Amendment No. 1, the Exchange: (1) Clarifies that the Fund's investments in restricted securities (Rule 144A securities) will be limited to fixed income securities; and (2) specifies that the Fund will not invest in debt that is in default at the time

Continued

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f)(2).

<sup>13</sup> 15 U.S.C. 78s(b)(2)(B).

comments on the proposal. This order approves the proposed rule change, as modified by Amendment No. 1.

## II. The Exchange's Description of the Proposal<sup>6</sup>

NYSE Arca proposes to list and trade shares of the Fund under NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares.<sup>7</sup> The Fund is a series of the Principal Exchange-Traded Funds ("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.<sup>8</sup> Principal Management Corporation will be the investment manager for the Fund ("Adviser"). Principal Global Investors, LLC and Edge Asset Management, LLC will each serve as a sub-adviser and portfolio manager (each referred to as a "Sub-Adviser" and collectively as the "Sub-Advisers").<sup>9</sup> The Adviser and Sub-

of purchase. Amendment No. 1 is not subject to notice and comment because it is a technical amendment that does not materially alter the substance of the proposed rule change or raise any novel regulatory issues.

<sup>6</sup> Additional information regarding, among other things, the Shares, the Fund, its investment objective, its investments, its investment strategies, its investment methodology, its investment restrictions, its fees, its creation and redemption procedures, availability of information, trading rules and halts, and surveillance procedures can be found in the Notice and in the Registration Statement. See Notice, *supra* note 4, and Registration Statement, *infra* note 8, respectively.

<sup>7</sup> A Managed Fund Share is a security that represents an interest in an investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1) ("1940 Act") organized as an open-end investment company or similar entity that invests in a portfolio of securities selected by its investment adviser consistent with its investment objectives and policies.

<sup>8</sup> The Trust is registered under the 1940 Act. On February 6, 2015, the Trust filed with the Commission a registration statement on Form N-1A under the Securities Act of 1933 (15 U.S.C. 77a) ("Securities Act") and the 1940 Act relating to the Fund (File Nos. 333-201935 and 811-23029) (the "Registration Statement"). The description of the operation of the Trust and the Fund herein is based, in part, on the Registration Statement. In addition, the Commission has issued an order granting certain exemptive relief to the Adviser (as defined herein) under the 1940 Act. See Investment Company Act Release No. 30742 (File No. 812-14136) ("Exemptive Order"). The Fund will be offered in reliance upon the Exemptive Order issued to the Adviser.

<sup>9</sup> An investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 (the "Advisers Act"). As a result, the Adviser and Sub-Advisers 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

Advisers are not registered as broker-dealers but are affiliated with three broker-dealers and have implemented and will maintain a fire wall with respect to each such broker-dealer affiliate regarding access to information concerning the composition and/or changes to the portfolios.<sup>10</sup>

### A. Principal Investments of the Fund

The Fund will seek to provide current income, and will invest in a manner designed to provide shareholders with regular cash flow from their investment in the Fund. With regard to each investment category, the Fund will carry out its investment strategy by investing in the securities listed in each investment category below and/or through the purchase of shares issued by U.S. exchange-traded funds ("ETFs")<sup>11</sup> or other investment companies, including shares in unit investment trusts and open-end investment companies, that invest a majority of their assets in the securities listed in the Principal Investment categories below. Under normal market circumstances,<sup>12</sup> the Fund will invest a majority of its net assets in the following

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.

<sup>10</sup> See Notice, *supra* note 4, at 16478. In the event that (a) the Adviser or Sub-Advisers become registered broker-dealers or newly affiliated with one or more broker-dealers, or (b) any new adviser or sub-adviser is a registered broker-dealer or becomes affiliated with a broker-dealer, it will implement a fire wall with respect to its relevant personnel or its broker-dealer affiliate regarding access to information concerning the composition and/or changes to the portfolios, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolios. See *id.*

<sup>11</sup> All ETF shares held by the Fund will be listed and traded in the U.S. on a national securities exchange. See *id.*, n.8.

<sup>12</sup> The term "under normal market circumstances" includes, but is not limited to, the absence of extreme volatility or trading halts in the equity and fixed income markets or the financial markets generally; events or circumstances causing a disruption in market liquidity or orderly markets; 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. See *id.*, n.9.

financial instruments listed in sections II.A.1 and 2, below:

### 1. Investment Grade and Non-Investment Grade U.S. and Non-U.S. Fixed Income Securities

Under normal market circumstances, at least 20% but no more than 90% of the Fund's net assets will be invested in investment grade and non-investment grade fixed income securities<sup>13</sup> which will consist of the following: U.S. Treasuries; agency securities; asset-backed securities; residential mortgage-backed securities; commercial mortgage-backed securities; zero-coupon securities; variable and floating rate instruments including inverse floaters; covered securities; sinking fund securities; equipment trust certificates; sovereign bonds; convertible bonds; pay-in-kind securities; step-coupon securities; stripped securities; inflation-indexed bonds; inflation protected debt securities; bank loans; municipal bonds; and corporate bonds issued by U.S., supranational and non-U.S. issuers (including issuers located in emerging markets) and denominated in U.S. dollars.<sup>14</sup>

### 2. Equity Securities Including U.S. and Non-U.S. Issues

Under normal market circumstances, at least 20% but no more than 90% of the Fund's net assets will be invested in a diversified portfolio of equity securities issued by companies located in the U.S. and/or foreign countries, including emerging markets, which trade on a U.S. or foreign exchange. The Fund may carry out its investment in foreign securities by purchasing American Depositary Receipts ("ADRs"), European Depositary Receipts ("EDRs") and Global Depositary Receipts ("GDRs", together with EDRs and ADRs, "Depositary Receipts").<sup>15</sup> The equity securities will be common stocks and preferred stocks as well as master limited partnerships and real estate investment trusts.

The Fund may engage in short sales.

### B. Non-Principal Investments

While the Fund, under normal market circumstances, will invest a majority of

<sup>13</sup> The Fund will limit its investments in non-investment grade fixed income securities to 75% or less of the Fund's net assets. See *id.*, n.10.

<sup>14</sup> Under normal market circumstances, the Fund will generally seek to invest in corporate bond issuances that have at least \$100,000,000 par amount outstanding in developed countries and at least \$200,000,000 par amount outstanding in emerging market countries. See Notice, *supra* note 4, 80 FR at 16479, n.24.

<sup>15</sup> Not more than 10% of the net assets of the Fund will be invested in non-exchange-listed ADRs. See *id.* at 16483.

its assets in the securities and financial instruments described above, the Fund may invest in other securities and financial instruments, as described below. With regard to each non-principal investment category, the Fund may carry out its investment strategy by investing in the securities listed in each investment category below and/or through the purchase of shares issued by ETFs or other investment companies that invest a majority of their assets in the securities listed in the investment categories below.

The Fund may invest in the following money market instruments: commercial paper issued by U.S. and foreign corporations; bank obligations; certificates of deposit; time deposits and bankers' acceptances of U.S. commercial banks and overseas branches of U.S. commercial banks and foreign banks; and short-term corporate debt, all of which have, at the time of purchase, 397 days or less remaining to maturity issued by U.S. and foreign issuers.

A portion of the Fund's assets may be invested in cross currency positions of the currencies of developed and emerging markets through spot foreign exchange currency contracts, forward foreign exchange currency contracts, and foreign exchange currency options that trade on U.S. exchanges.

The Fund may invest in the following derivative instruments: Futures contracts (consisting of futures contracts based on equity or fixed income securities and/or equity or fixed income indices, commodities, interest rates and currencies); swap agreements on any of the following asset classes: equity, fixed income, currency and interest rates (such swaps may be based on the price return or total return of the referenced asset); credit default swaps (consisting of credit default swaps in which the referenced asset is a single fixed income security or a group of fixed income securities); options (consisting of long and short positions in call options and put options on indices based on equities, fixed income securities, interest rates, currencies or commodities, individual securities or currencies, swaptions and options on futures contracts); and forward contracts (consisting of forward contracts based on equity or fixed income securities and/or equity or fixed income indices, currencies, interest rates, swap forwards and non-deliverable forwards). Futures contracts and options on futures contracts in which the Fund may invest will be traded on U.S. exchanges regulated by the Commodity Futures

Trading Commission ("CFTC"),<sup>16</sup> all of which will be members of the ISG or exchanges with which the Exchange has in place a CSSA. All other options contracts will be listed on a U.S. national securities exchange or a non-U.S. securities exchange that is a member of ISG or a party to a CSSA with the Exchange.

The Fund may use repurchase agreements, reverse repurchase agreements, and mortgage dollar rolls for temporary or emergency purposes or to earn additional income on portfolio securities, such as Treasury bills or notes.<sup>17</sup>

With respect to its investments in fixed income securities, the Fund may invest in restricted securities (Rule 144A securities), which are subject to legal restrictions on their sale.<sup>18</sup>

### C. Investment Restrictions

The Exchange represents that the Fund will limit its investment in non-government sponsored residential mortgage-backed securities, commercial mortgage-backed securities and asset-backed securities (including equipment trust certificates) as well as bank loans and illiquid restricted securities, in the aggregate, to 20% or less of the Fund's net assets.

The Exchange represents that 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, consistent 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.

Not more than 10% of the net assets of the Fund in the aggregate invested in exchange-listed equity securities shall consist of equity securities whose principal market is not a member of the Intermarket Surveillance Group ("ISG") or a party to a comprehensive surveillance sharing agreement ("CSSA") with the Exchange.

<sup>16</sup> According to the Exchange, the Fund has claimed an exclusion from the definition of a "commodity pool operator" under the Commodity Exchange Act ("CEA") (7 U.S.C. 1) and is not subject to registration or regulation as a commodity pool operator under the CEA.

<sup>17</sup> The Fund will enter into reverse repurchase agreements only with parties that the Sub-Advisers deems creditworthy.

<sup>18</sup> See Amendment No. 1, *supra* note 5.

The Fund's investments will be consistent with its investment objective and will not be used to enhance leverage.

While the Fund may invest in inverse ETFs, the Fund will not invest in leveraged (e.g., 2X, -2X, 3X or -3X) ETFs.

### 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 Exchange Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>19</sup> In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Exchange Act,<sup>20</sup> 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 finds that the proposal to list and trade the Shares on the Exchange is consistent with Section 11A(a)(1)(C)(iii) of the Exchange Act,<sup>21</sup> 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. The Exchange represents that quotation and last-sale information for the portfolio holdings of the Fund that are U.S. exchange-listed will be available via the CTA high speed line. Quotation and last sale information for such U.S. exchange-listed securities, as well as futures, will also be available from the 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. In addition, quotation information for OTC-traded securities, OTC-traded derivative instruments, investment company securities (excluding ETFs), Rule 144A

<sup>19</sup> 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).

<sup>20</sup> 15 U.S.C. 78f(b)(5).

<sup>21</sup> 15 U.S.C. 78k-1(a)(1)(C)(iii).

securities, U.S. Treasuries, agency securities, asset-backed securities, residential mortgage-backed securities, commercial mortgage-backed securities, zero-coupon securities, variable and floating rate instruments including inverse floaters, covered securities, sinking fund securities, equipment trust certificates, sovereign bonds, convertible bonds, pay-in-kind securities, step-coupon securities, stripped securities, inflation-indexed bonds, inflation protected debt securities, bank loans, municipal bonds, corporate bonds, and money market instruments may be obtained from brokers and dealers who make markets in such securities or through nationally recognized pricing services through subscription agreements. The U.S. dollar value of foreign securities, instruments and currencies can be derived by using foreign currency exchange rate quotations obtained from nationally recognized pricing services.

The Commission also 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. On each business day, before commencement of trading in Shares in the Core Trading Session on the Exchange, the Adviser will disclose on the Fund's Web site the Disclosed Portfolio for the Fund 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.<sup>22</sup> 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.<sup>23</sup> In addition, the Portfolio Indicative Value ("PIV"), 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.<sup>24</sup> The Fund will make available, prior to the opening of trading on the NYSE (currently 9:30 a.m. Eastern Time), through the

<sup>22</sup> Under accounting procedures to be followed by the Fund, trades made on the prior business day ("T") will be booked and reflected in NAV on the current business day ("T+1"). Accordingly, the Fund will be able to disclose at the beginning of the business day the portfolio that will form the basis for the NAV calculation at the end of the business day.

<sup>23</sup> See NYSE Arca Equities Rule 8.600(d)(1)(B).

<sup>24</sup> Currently, it is the Exchange's understanding that several major market data vendors display and/or make widely available PIVs taken from the CTA or other data feeds.

National Securities Clearing Corporation the names and quantities of the instruments comprising the in-kind deposit of specified instruments, as well as the difference in market value of the aggregate market value of the in-kind deposit and the NAV attributable to a creation unit (if any), for that day. The NAV of the Shares will be calculated after 4:00 p.m. Eastern Time each trading day. The Fund's Web site will include a form of the prospectus for the Fund that may be downloaded and additional information relating to NAV and other applicable information.

The Exchange represents that trading in the Shares will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable.<sup>25</sup> Trading in the Shares will be subject to NYSE Arca Equities Rule 8.600(d)(2)(D), which sets forth circumstances under which Shares may be halted.

The Exchange states that it has a general policy prohibiting the distribution of material, non-public information by its employees. The Exchange represents that the Adviser and Sub-Advisers are not registered as broker-dealers but are affiliated with three broker-dealers and have implemented and will maintain a "fire wall" with respect to each such broker-dealer affiliate regarding access to information concerning the composition and/or changes to the portfolios. Prior to the commencement of trading, the Exchange will inform its Equity Trading Permit Holders in an Information Bulletin ("Bulletin") of the special characteristics and risks associated with trading the Shares. The Exchange states 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.<sup>26</sup> On behalf of the Exchange, FINRA will communicate as needed regarding trading in the Shares, ETFs, other exchange-traded equity securities (including exchange-listed Depositary Receipts), options, futures,

<sup>25</sup> These 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.

<sup>26</sup> FINRA surveils trading on the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement.

and options on futures with other markets and other entities that are members of the ISG, and FINRA, on behalf of the Exchange, may obtain trading information regarding trading in such financial instruments, as applicable, from such markets and other entities. In addition, the Exchange may obtain information regarding trading in such financial instruments, as applicable, from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.<sup>27</sup> FINRA, on behalf of the Exchange, is able to access, as needed, trade information for certain fixed income securities held by the Fund reported to FINRA's Trade Reporting and Compliance Engine.

The Exchange represents that it 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 also made the following representations:

(1) The Shares of the Fund 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) Trading in the Shares will be subject to the existing trading surveillances, administered by FINRA on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws, and 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.

(4) Prior to the commencement of trading, the Exchange will inform its Equity Trading Permit Holders in a Bulletin of the special characteristics and risks associated with trading the Shares. Specifically, the Bulletin will discuss the following: (a) The procedures for purchases and redemptions of Shares in Creation Units (and that Shares are not individually redeemable); (b) NYSE Arca Equities Rule 9.2(a), which imposes a duty of due diligence on its ETP Holders to learn the essential facts relating to every customer prior to trading the Shares; (c)

<sup>27</sup> For a list of the current members of ISG, see [www.isgportal.org](http://www.isgportal.org). The Exchange notes that not all components of the Disclosed Portfolio for the Fund may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

the risks involved in trading the Shares during the Opening and Late Trading Sessions when an updated PIV will not be calculated or publicly disseminated; (d) how information regarding the PIV and the Disclosed Portfolio is disseminated; (e) the requirement that ETP 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/or continued listing, the Fund will be in compliance with Rule 10A-3<sup>28</sup> under the Act, as provided by NYSE Arca Equities Rule 5.3.

(6) 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, consistent 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.

(7) The Fund will limit its investment in non-government sponsored residential mortgage-backed securities, commercial mortgage-backed securities and asset-backed securities (including equipment trust certificates) as well as bank loans and illiquid restricted securities, in the aggregate, to 20% or less of the Fund's net assets.

(8) Not more than 10% of the net assets of the Fund will be invested in non-exchange-listed ADRs.

(9) Not more than 10% of the net assets of the Fund in the aggregate invested in exchange-traded equity securities shall consist of equity securities whose principal market is not a member of the ISG or party to a CSSA with the Exchange.

(10) 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.

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<sup>29</sup> 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 Exchange Act, that the proposed rule change (SR-NYSEArca-2015-15), as modified by Amendment No. 1, is hereby approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>30</sup>

**Brent J. Fields,**

*Secretary.*

[FR Doc. 2015-11080 Filed 5-7-15; 8:45 am]

**BILLING CODE 8011-01-P**

#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74862; File No. SR-CBOE-2015-026]

#### Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Designation of Longer Period for Commission Action on Proposed Rule Change Relating to Rules 6.74A and 6.74B

May 4, 2015.

On March 6, 2015, Chicago Board Options Exchange, Incorporated ("Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend its rules regarding the ability of a Market-Maker assigned to an options class to be solicited as the contra party to an Agency Order in that class on the Exchange's Automated Improvement Mechanism and Solicitation Auction Mechanism. The proposed rule change was published for comment in the **Federal Register** on March 23, 2015.<sup>3</sup> The Commission has received no comment letters on the proposal.

Section 19(b)(2) of the Act<sup>4</sup> provides that within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute

<sup>30</sup> 17 CFR 200.30-3(a)(12).

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

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

<sup>3</sup> See Securities Exchange Act Release No. 74519 (March 17, 2015), 80 FR 15264.

<sup>4</sup> 15 U.S.C. 78s(b)(2).

proceedings to determine whether the proposed rule change should be disapproved. The 45th day for this filing is May 7, 2015.

The Commission is extending the 45-day time period for Commission action on the proposed rule change. The Commission finds that it is appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider and take action on the Exchange's proposed rule change.

Accordingly, pursuant to Section 19(b)(2)(A)(ii)(I) of the Act<sup>5</sup> and for the reasons stated above, the Commission designates June 21, 2015, as the date by which the Commission should either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change (File No. SR-CBOE-2015-026).

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

**Brent J. Fields,**

*Secretary.*

[FR Doc. 2015-11056 Filed 5-7-15; 8:45 am]

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#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74861; File No. SR-NYSE-2015-22]

#### Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending the Fees for NYSE BBO and NYSE Trades To Add a Late Fee In Connection With Failure To Submit the Non-Display Use Declaration

May 4, 2015.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the "Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on April 27, 2015, New York Stock Exchange LLC ("NYSE" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III 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.

<sup>5</sup> 15 U.S.C. 78s(b)(2)(A)(ii)(I).

<sup>6</sup> 17 CFR 200.30-3(a)(31).

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>28</sup> 17 CFR 240.10A-3.

<sup>29</sup> 15 U.S.C. 78f(b)(5).