

members in an Information Circular of the special characteristics and risks associated with trading the Shares. The Exchange represents that trading of the Shares through the Exchange will be subject to the Exchange's surveillance procedures for derivative products, including Managed Fund Shares, and such surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws.

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 made the following representations:

(1) The Shares will be subject to BATS Rule 14.11(i), which sets forth the initial and continued listing criteria applicable to Managed Fund Shares.

(2) The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions.

(3) The Exchange may obtain information regarding trading in the Shares and the underlying futures, including futures contracts held by the Subsidiary, via the Intermarket Surveillance Group ("ISG") from other exchanges who are members or affiliates of the ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement. In addition, the Exchange is able to access, as needed, trade information for certain fixed income instruments reported to FINRA's Trade Reporting and Compliance Engine.

(4) All of the futures contracts in the Disclosed Portfolio for the Fund (including those held by the Subsidiary) will trade on markets that are a member or affiliate of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

(5) Prior to the commencement of trading, the Exchange will inform its members in an Information Circular of the special characteristics and risks associated with trading the Shares. Specifically, the Information Circular will discuss the following: (a) The procedures for purchases and redemptions of Shares in creation units (and that Shares are not individually redeemable); (b) BATS Rule 3.7, which imposes suitability obligations on Exchange members with respect to recommending transactions in the Shares to customers; (c) how information regarding the Intraday Indicative Value and Disclosed Portfolio

are disseminated; (d) the risks involved in trading the Shares during the Pre-Opening and After Hours Trading Sessions (as defined in the Exchange's rules) when an updated Intraday Indicative Value will not be calculated or publicly disseminated; (e) the requirement that members deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (f) trading information.

(6) For initial and continued listing, the Fund must be in compliance with Rule 10A-3 under the Exchange Act.<sup>27</sup>

(7) Aside from the Fund's investments in the Subsidiary, neither the Fund nor the Subsidiary will invest in non-U.S. equity securities.

(8) Neither the Fund nor the Subsidiary will invest in derivatives other than Commodity Futures.

(9) The Fund may hold up to an aggregate amount of 15% of its net assets in illiquid assets (calculated at the time of investment) deemed illiquid by the Adviser under the 1940 Act. 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.

(10) The Fund's investments will be consistent with the Fund's investment objective and will not be used to achieve leveraged or inverse leveraged returns.

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

The Exchange represents that all statements and representations made in the filing regarding (a) the description of the portfolio, (b) limitations on portfolio holdings or reference assets, or (c) the applicability of Exchange rules and surveillance procedures constitute continued listing requirements for listing the Shares on the Exchange. In addition, the issuer has represented to the Exchange that it will advise the Exchange of any failure by the Fund to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Exchange Act, the Exchange will surveil for compliance with the continued listing requirements. If the Fund is not in compliance with the applicable listing requirements, the Exchange will

<sup>27</sup> See 17 CFR 240.10A-3.

commence delisting procedures under Exchange Rule 14.12.

This approval order is based on all of the Exchange's representations, including those set forth above and in Amendment Nos. 1, 2, and 3. The Commission notes that the Fund and the Shares must comply with the requirements of BATS Rule 14.11(i) to be initially and continuously listed and traded on the Exchange.

For the foregoing reasons, the Commission finds that the proposed rule change, as modified by Amendment Nos. 1, 2, and 3, is consistent with Section 6(b)(5) of the Exchange Act<sup>28</sup> and Section 11A(a)(1)(C)(iii) of the Exchange 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,<sup>30</sup> that the proposed rule change (SR-BATS-2016-16), as modified by Amendment Nos. 1, 2, and 3, be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>31</sup>

**Robert W. Errett,**  
*Deputy Secretary.*

[FR Doc. 2016-14928 Filed 6-23-16; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. SIPA-177; File No. SIPC-2016-02]

### Securities Investor Protection Corporation; Notice of Filing of Proposed Bylaw Amendments Relating to Assessment of SIPC Members

June 15, 2016.

#### Correction

In notice document 2016-14499, appearing on pages 39986 through 39990 in the issue of Monday, June 20, 2016, make the following corrections:

1. On page 39986, in the third column, in the document heading, under SECURITIES AND EXCHANGE COMMISSION, "[Release No. SIPA-177; File No. SIPC-2016-01]" should read "[Release No. SIPA-177; File No. SIPC-2016-02]".

2. On page 39989, in the third column, in the fifth paragraph, on the

<sup>28</sup> 15 U.S.C. 78f(b)(5).

<sup>29</sup> 15 U.S.C. 78k-1(a)(1)(C)(iii).

<sup>30</sup> 15 U.S.C. 78s(b)(2).

<sup>31</sup> 17 CFR 200.30-3(a)(12).

third line, "SIPC-2016-01" should read "SIPC-2016-02".

3. On page 39989, in the third column, in the seventh paragraph, on the second line, "SIPC-2016-01" should read "SIPC-2016-02".

4. On page 39989, in the third column, in the ninth paragraph, on the second line, "SIPC-2016-01" should read "SIPC-2016-02".

[FR Doc. C1-2016-14499 Filed 6-23-16; 8:45 am]

BILLING CODE 1505-01-D

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-78103; File No. SR-NASDAQ-2016-089]

### Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Options Pricing at Chapter XV, Section 2

June 20, 2016.

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> notice is hereby given that on June 14, 2016, The NASDAQ Stock Market LLC ("Nasdaq" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III, 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 Substance of the Proposed Rule Change

The Exchange proposes to amend Chapter XV, entitled "Options Pricing," at Section 2, which governs pricing for Exchange members using the NASDAQ Options Market ("NOM"), the Exchange's facility for executing and routing standardized equity and index options.<sup>3</sup>

The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaq.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 Exchange proposes certain amendments to the NOM transaction fees set forth at Chapter XV, Section 2(1) for executing and routing standardized equity and index options under the Penny Pilot Option<sup>4</sup> program. Specifically, the Exchange proposes in Section 2(1) two new incentives regarding Non-NOM Market Makers and NOM Market Makers Penny Pilot Options Fees for Removing Liquidity; and proposes to delete note 4 regarding Non-Penny Pilot Options Fee for Removing Liquidity. The proposed changes will allow the Exchange to continue to offer and expand incentives to NOM Participants to add more liquidity to NOM.

##### Change 1: Penny Pilot Options—Incentives To Earn Additional Discounts on Fee for Removing Liquidity

Note 2 to Section 2(1) applies to Non-NOM Market Makers<sup>5</sup> and NOM Market Makers<sup>6</sup> Penny Pilot Options Fees for Removing Liquidity. Currently, note 2

<sup>4</sup> The Penny Pilot was established in March 2008 and was last extended in 2015. See Securities Exchange Act Release Nos. 57579 (March 28, 2008), 73 FR 18587 (April 4, 2008) (SR-NASDAQ-2008-026) (notice of filing and immediate effectiveness establishing Penny Pilot); and 75283 (June 24, 2015), 80 FR 37347 (June 30, 2015) (SR-NASDAQ-2015-063) (notice of filing and immediate effectiveness extending the Penny Pilot through June 30, 2016). All Penny Pilot Options listed on the Exchange can be found at <http://www.nasdaqtrader.com/Micro.aspx?id=phlx>.

<sup>5</sup> The term "Non-NOM Market Maker" is a registered market maker on another options exchange that is not a NOM Market Maker. A Non-NOM Market Maker must append the proper Non-NOM Market Maker designation to orders routed to NOM.

<sup>6</sup> The term "NOM Market Maker" is a Participant that has registered as a Market Maker on NOM pursuant to Chapter VII, Section 2, and must also remain in good standing pursuant to Chapter VII,

offers a \$0.02 discount (reduction to \$0.48 per contract fee) on the Penny Pilot Options Fee for Removing Liquidity.<sup>7</sup> Currently, note 2 offers that Participants<sup>8</sup> that add 1.30% of Customer,<sup>9</sup> Professional,<sup>10</sup> Firm,<sup>11</sup> Broker-Dealer,<sup>12</sup> or Non-NOM Market Maker liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of total industry customer equity and ETF option average daily volume or ADV contracts per day are assessed a \$0.48 per contract Penny Pilot Options Fee for Removing Liquidity provided the Participant is (i) both the buyer and the seller or (ii) the Participant removes liquidity from another Participant under Common Ownership.<sup>13</sup> The Exchange proposes two additional ways to earn an enhanced discount on the NOM Market Maker and Non-NOM Market Maker Penny Pilot Options Fee for Removing Liquidity.

First, the Exchange proposes to amend note 2 to Section 2(1) to add a new incentive that would assess NOM Market Maker and Non-NOM Market Maker a \$0.32 per contract fee applicable to executions less than 10,000 contracts provided the Participant adds 1.50% of Customer, Professional, Firm, Broker-Dealer or Non-NOM Market Maker liquidity in

Section 4. In order to receive NOM Market Maker pricing in all securities, the Participant must be registered as a NOM Market Maker in at least one security.

<sup>7</sup> The NOM Market Maker and Non-NOM Market Maker Penny Pilot Options Fees for Removing Liquidity are \$0.50 per contract.

<sup>8</sup> The term "Participant" or "Options Participant" means a firm, or organization that is registered with the Exchange pursuant to Chapter II of these Rules for purposes of participating in options trading on NOM as a "Nasdaq Options Order Entry Firm" or "Nasdaq Options Market Maker". Participants on NOM are also known as "NOM Participants."

<sup>9</sup> The term "Customer" or ("C") applies to any transaction that is identified by a Participant for clearing in the Customer range at The Options Clearing Corporation which is not for the account of broker or dealer or for the account of a "Professional" (as that term is defined in Chapter I, Section 1(a)(48)).

<sup>10</sup> The term "Professional" or ("P") means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s) pursuant to Chapter I, Section 1(a)(48). All Professional orders shall be appropriately marked by Participants.

<sup>11</sup> The term "Firm" or ("F") applies to any transaction that is identified by a Participant for clearing in the Firm range at The Options Clearing Corporation.

<sup>12</sup> The term "Broker-Dealer" or ("B") applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category.

<sup>13</sup> The term "Common Ownership" shall mean Participants under 75% common ownership or control. Common Ownership shall apply to all pricing in Chapter XV, Section 2 for which a volume threshold or volume percentage is required to obtain the pricing.

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

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

<sup>3</sup> References in this proposal to Chapter and Series are to NOM rules, unless otherwise indicated.