

other things, adopt new NYSE Arca Equities Rule 8.800, which would create a pilot program to incentivize market makers to undertake LMM assignments in ETPs.

Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,<sup>6</sup> designates August 15, 2012, 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 Number SR-NYSEArca-2012-37).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>7</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-67223; File No. SR-NYSEAmex-2012-24]

### Self-Regulatory Organizations; NYSE Amex LLC; Order Granting Approval of Proposed Rule Change To List Shares of the Nuveen Long/Short Commodity Total Return Fund Under NYSE Amex Rule 1600 *et seq.*

June 20, 2012.

#### I. Introduction

On April 18, 2012, NYSE Amex LLC (“Exchange” or “NYSE Amex”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to list shares of the Nuveen Long/Short Commodity Total Return Fund under NYSE Amex Rule 1600 *et seq.* The proposed rule change was published for comment in the **Federal Register** on May 7, 2012.<sup>3</sup> The Commission received no comments on the proposal. This order grants approval of the proposed rule change.

#### II. Description of the Proposed Rule Change

The Exchange proposes to list shares (“Shares”) of the Nuveen Long/Short Commodity Total Return Fund (“Fund”) pursuant to NYSE Amex Rule 1600 *et seq.*, which permits the listing of Trust

Units<sup>4</sup> on the Exchange. The Fund was organized as a statutory trust under Delaware law on May 25, 2011, and will be operated pursuant to a Trust Agreement.<sup>5</sup> The Fund will issue Shares that represent units of fractional undivided beneficial interest in and ownership of the Fund. The Fund will not continuously offer Shares and will not provide daily redemptions. Thus, the Manager (as defined below) has advised the Exchange that it expects the Shares to have trading characteristics similar to those of exchange-traded closed-end funds.

The Fund is managed by Nuveen Commodities Asset Management, LLC (“Manager”), a Delaware limited liability company and a wholly-owned subsidiary of Nuveen Investments, Inc. (“Nuveen Investments”).<sup>6</sup> The Manager will serve as the CPO and a CTA of the Fund and will determine the Fund’s overall investment strategy, including: (i) The selection and ongoing monitoring of the Fund’s sub-advisors; (ii) the assessment of performance and potential needs to modify strategy or change sub-advisors; (iii) the determination of the Fund’s administrative policies; (iv) the management of the Fund’s business affairs; and (v) the provision of certain clerical, bookkeeping, and other administrative services.<sup>7</sup>

<sup>4</sup> The term “Trust Units” is defined as a security that is issued by a trust or other similar entity that is constituted as a commodity pool that holds investments comprising or otherwise based on any combination of futures contracts, options on futures contracts, forward contracts, swap contracts, and/or commodities. See NYSE Amex Rule 1600(b)(ii).

<sup>5</sup> See Pre-Effective Amendment No. 3 to Registration Statement on Form S-1 under the Securities Act of 1933 (15 U.S.C. 77a) as filed with the Commission on December 20, 2011 (File No. 333-174764) (“Registration Statement”). The Fund, as a commodity pool, will not be subject to registration and regulation under the Investment Company Act of 1940.

<sup>6</sup> The Manager is registered as a commodity pool operator (“CPO”) and a commodity trading advisor (“CTA”) with the Commodity Futures Trading Commission (“CFTC”) and is a member of the National Futures Association (“NFA”).

<sup>7</sup> Pursuant to the Fund’s Trust Agreement, the Manager will possess and exercise all authority (other than the limited functions performed by the independent committee of the Manager which will fulfill the Fund’s audit committee and nominating committee functions) to operate the business of the Fund and will be responsible for the conduct of the Fund’s commodity affairs. The Manager has established within its organization an independent committee, comprised of three members who are unaffiliated with the Manager, which will fulfill the audit committee and nominating committee functions for the Fund, those functions required under the NYSE Amex listing standards, and certain other functions as set forth in the Trust Agreement. As a registered CPO and CTA, the Manager is required to comply with various regulatory requirements under the CEA and the rules and regulations of the CFTC and the NFA.

Gresham Investment Management LLC (“Commodity Sub-Advisor”) will be responsible for the Fund’s commodity futures investment strategy and options strategy.<sup>8</sup> Nuveen Asset Management, LLC (“Collateral Sub-Advisor”), an affiliate of the Manager and a wholly-owned subsidiary of Nuveen Investments, will invest the Fund’s collateral in short-term, high-grade debt securities.

Wilmington Trust Company is the Delaware Trustee of the Fund and is unaffiliated with the Manager. State Street Bank and Trust Company (“State Street”) will be the Custodian and Accounting Agent for the assets of the Fund, and its affiliate, Computershare Shareholder Services, Inc., will be the Transfer Agent and Registrar for the Shares of the Fund. Barclays Capital Inc. (“BCI”) will serve as the Fund’s clearing broker to execute and clear the Fund’s futures transactions and provide other brokerage-related services. BCI is a registered securities broker-dealer and futures commission merchant. BCI is wholly owned by Barclays Bank PLC, which is authorized and regulated by the U.K. Financial Services Authority.

Each of the Manager, BCI, the Commodity Sub-Advisor, and the Collateral Sub-Advisor has represented to the Exchange that it has erected and maintains firewalls within its respective institution to prevent the flow and/or use of non-public information regarding the portfolio of underlying securities from the personnel involved in the development and implementation of the investment strategy to others such as sales and trading personnel. In the event that there is any new manager, adviser, sub-adviser, or commodity broker, such new entity will maintain a firewall within its respective institution to prevent the flow and/or use of non-public information regarding the portfolio of underlying commodity futures contracts.<sup>9</sup>

<sup>8</sup> The Commodity Sub-Advisor is a Delaware limited liability company, is registered with the CFTC as a CTA and a CPO, and is a member of the NFA. As a registered CPO and CTA, the Commodity Sub-Advisor is required to comply with various regulatory requirements under the CEA and the rules and regulations of the CFTC and the NFA. Nuveen Investments and the Commodity Sub-Advisor have announced the execution of an agreement pursuant to which Nuveen Investments would acquire a 60% interest in the Commodity Sub-Advisor, which would make the Commodity Sub-Advisor an affiliate of the Manager.

<sup>9</sup> The Commodity Sub-Advisor and the Collateral Sub-Advisor are each registered with the Commission under the Investment Advisers Act of 1940 (“Advisers Act”). As a result, the Commodity Sub-Advisor, the Collateral Sub-Advisor, any sub-adviser of either, and the respective related personnel of both are subject to the provisions of Rule 204A-1 under the Advisers Act relating to

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<sup>6</sup> 15 U.S.C. 78s(b)(2).

<sup>7</sup> 17 CFR 200.30-3(a)(31).

<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. 66887 (May 1, 2012), 77 FR 26798 (“Notice”).

### Description of the Fund's Investments

The Fund's investment objective will be to generate attractive total returns. The Fund will be actively managed and will seek to outperform its benchmark, the Morningstar® Long/Short Commodity<sup>SM</sup> Index ("Index").<sup>10</sup> In pursuing its investment objective, the Fund will invest directly in a diverse portfolio of exchange-traded commodity futures contracts that represent the main commodity sectors and are among the most actively traded futures contracts in the global commodity markets. Generally, individual commodity futures positions may be either long or short (or flat in the case of energy futures contracts) depending upon market conditions. The Commodity Sub-Advisor will use various rules to determine the commodity futures contracts in which the Fund will invest, their respective weightings, and whether the futures positions in each commodity are held long, short, or flat (in the case of energy futures contracts). The Fund's commodity investments will, at all times, be fully collateralized. The Fund's investments will be consistent with its investment objective and will not be used to create or enhance leverage. The Fund also will employ a commodity option writing strategy that seeks to produce option premiums for the purpose of enhancing the Fund's risk-adjusted total return

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 there under; (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>Morningstar, Inc., the Index sponsor, owns a dually-registered investment advisor and broker-dealer subsidiary, Morningstar Investment Services, Inc., which maintains a broker-dealer registration for the limited purpose of receiving 12b-1 fees directly from the underlying funds that make up the portfolios managed by it. The Manager has advised the Exchange that it has been informed by Morningstar, Inc., that it has erected and maintains information firewalls between the group which is responsible for the Index and employees of the broker-dealer to prevent the flow and/or use of material non-public information regarding the Index from the personnel responsible for the Index to employees of the broker-dealer.

over time. Option premiums generated by this strategy may also enable the Fund to more efficiently implement its distribution policy.

The Fund's investment strategy will utilize the Commodity Sub-Advisor's proprietary long/short commodity investment program, which has three principal elements:

- An actively managed long/short portfolio of exchange-traded commodity futures contracts;
- A portfolio of exchange-traded commodity option contracts; and
- A collateral portfolio of cash equivalents and short-term, high-grade debt securities.

The Manager has advised the Exchange that the Commodity Sub-Advisor has represented that it does not believe that position limits will be an issue for its firm, but that it has reserved firm-wide capacity for the Fund so that the Fund will be able to continue to invest in futures contracts without hitting any position limits.

*Long/Short Commodity Investment Program.* The Fund's long/short commodity investment program will be an actively managed, fully collateralized, rules-based commodity investment strategy that seeks to capitalize on opportunities in both up and down commodity markets. The Fund will invest in a diverse portfolio of exchange-traded commodity futures contracts with an aggregate notional value substantially equal to the net assets of the Fund. To provide diversification, the Fund will invest initially in approximately 20 commodities, and the long/short commodity investment program rules will limit weights for any individual commodity futures contract. The Fund expects to make investments in the most actively traded commodity futures contracts in the four main commodity sectors in the global commodities markets:

- Energy;
- Agriculture;
- Metals; and
- Livestock.

During temporary defensive periods or during adverse market circumstances,<sup>11</sup> the Fund may deviate from its investment objective and policies. The Commodity Sub-Advisor may invest 100% of the total assets of the Fund in short-term, high-quality debt securities and money market instruments to respond to adverse market circumstances. The Fund may

<sup>11</sup> Adverse market circumstances would include large downturns in the broad market value of two or more times current average volatility, where the Commodity Sub-Advisor views such downturns as likely to continue for an extended period of time.

invest in such instruments for extended periods, depending on the Commodity Sub-Advisor's assessment of market conditions. These debt securities and money market instruments may include shares of mutual funds, commercial paper, certificates of deposit, bankers' acceptances, U.S. Government securities, repurchase agreements, and bonds that are rated AAA.

Generally, the program rules will be used to determine the specific commodity futures contracts in which the Fund will invest, the relative weighting for each commodity, and whether a position is either long or short (or flat in the case of energy futures contracts).

The commodity markets are dynamic and as such the long/short commodity investment program may require frequent adjustments in the Fund's commodity positions. The Commodity Sub-Advisor expects to trade each position no less frequently than once per month. The relative balance of the Fund's long/short commodity investments may vary significantly over time, and at certain times, the Fund's aggregate exposure may be all long, all short and flat, or may consist of various combinations (long, short, and/or flat) thereof. The Commodity Sub-Advisor intends to manage its overall strategy so that the notional amount of the Fund's combined long, short, and flat futures positions will not exceed 100% of the Fund's net assets. As of September 30, 2011, the Index had 61.85% long, 24.08% short and 14.07% flat exposure.

The Fund has no intention to short energy futures contracts because the prices of energy futures contracts are generally more sensitive to geopolitical events than to economic factors and, as a result, significant price variations are often driven by factors other than supply-demand imbalances. References to a flat position mean that instead of shorting energy futures contracts when market signals dictate, the Fund will have no futures contracts positions, either long or short, for that energy commodity. In that circumstance, the sum of the notional value of the portfolio's futures contracts will be less than the sum of the collateral assets. The difference quantitatively equals the notional value of what would have been the short portion in energy and is generally referred to as the "flat" position in energy. Because the Fund will hold no futures contracts to express a flat position, commodity traders customarily say that being flat is the equivalent of being invested in cash. The amounts that otherwise would have been allocated to an energy futures

contract will be held in cash as collateral for the Fund.

The specific commodities and the total number of futures contracts in which the Fund will invest, and the relative weighting of those contracts, will be determined annually by the Commodity Sub-Advisor based upon the composition of the Index at that time. The selected commodity futures contracts are expected to remain unchanged until the next annual reconstitution each December. Upon annual reconstitution, the target weight of any individual commodity futures contract will be set and will be limited to 10% of the Fund's net assets to provide for diversification. The

Commodity Sub-Advisor expects the actual portfolio weights to vary during the year due to market movements. If price movements cause an individual commodity futures contract to represent more than 10% of the Index at any time between monthly rebalancing, the Fund would seek to match the target weighting at the time of the monthly rebalancing. Generally, the Fund expects to invest in short-term commodity futures contracts with terms of one to three months, but may invest in commodity futures contracts with terms of up to six months.

*Eligible Contracts.* The Fund will invest in those commodity futures contracts and option contracts that are

listed on an exchange with the greatest dollar volume traded in those contracts. Listed below are the main categories of eligible commodity futures contracts. The related options contracts are traded on the same exchanges as the futures contracts on which they are based. Each commodity may have several different types of individual commodity futures contracts (e.g., hard winter wheat and soft red wheat). The Commodity Sub-Advisor will have discretion over commodity futures contract selection and may choose from the available contract types.

Group	Commodity	Primary Exchange	Trading Hours (Eastern Time)	
Energy	Coal	New York Mercantile Exchange	18:00–15:00	
	Crude Oil	New York Mercantile Exchange	9:00–14:30	
	Crude Oil	ICE Futures Europe	1:00–23:00	
	Ethanol	New York Mercantile Exchange	8:50–12:05	
	Ethanol	Chicago Board of Trade	9:30–13:15	
	Gas Oil	ICE Futures Europe	1:00–23:00	
	Gasoline	New York Mercantile Exchange	9:00–14:30	
	Heating Oil	New York Mercantile Exchange	9:00–14:30	
	Natural Gas	New York Mercantile Exchange	9:00–14:30	
	Propane	New York Mercantile Exchange	Delisted	
	Agriculture	Butter	Chicago Mercantile Exchange	12:05–12:15
		Cocoa	ICE Futures US	8:00–11:50
		Coffee	ICE Futures US	8:00–13:30
Corn		Chicago Board of Trade	10:30–14:15	
Cotton		ICE Futures US	10:30–14:15	
Diamonium Phosphate		Chicago Mercantile Exchange	Delisted	
Lumber		Chicago Mercantile Exchange	10:00–14:05	
Milk		Chicago Mercantile Exchange	10:05–14:10	
Oats		Chicago Board of Trade	10:30–14:15	
Orange Juice		ICE Futures US	10:00–13:30	
Pulp		ICE Futures US	7:00–15:15	
Pulp		Chicago Mercantile Exchange	17:00–16:00	
Rice		Chicago Board of Trade	9:30–13:15	
Soybean Meal		Chicago Board of Trade	10:30–14:15	
Soybean Oil		Chicago Board of Trade	10:30–14:15	
Soybeans		Chicago Board of Trade	10:30–14:15	
Sugar		ICE Futures US	8:10–13:30	
Urea	Chicago Mercantile Exchange	Delisted		
Urea Ammonium Nitrate	Chicago Mercantile Exchange	Delisted		
Wheat	Chicago Board of Trade	10:30–14:15		
Wheat	Kansas City Board of Trade	10:30–14:15		
Metals	Aluminum	New York Mercantile Exchange	Delisted	
	Copper	New York Commodities Exchange	8:10–13:00	
	Gold	New York Commodities Exchange	8:20–13:30	
	Palladium	New York Mercantile Exchange	8:30–13:00	
	Platinum	New York Mercantile Exchange	8:20–13:05	
	Silver	New York Commodities Exchange	8:25–13:25	
Livestock	Broilers	Chicago Mercantile Exchange	Delisted	
	Feeder Cattle	Chicago Mercantile Exchange	10:05–14:00	
	Hogs	Chicago Mercantile Exchange	10:05–14:00	
	Live Cattle	Chicago Mercantile Exchange	10:05–14:00	
	Pork Bellies	Chicago Mercantile Exchange	Delisted	

*Current Index Composition.* The actual signals (direction) and weights of

the Morningstar® Long/Short

Commodity<sup>SM</sup> Index as of September 30, 2011 are as follows:

Long Commodity Futures Positions .....	61.85%
Short Commodity Futures Positions .....	24.08%
Flat Commodity Futures Positions .....	14.07%
	100.00%

Commodity	Signal	Weight (%)
<i>Energy:</i>		
Crude Oil Brent .....	Long .....	8.18
Gas-Oil-Petroleum .....	Long .....	6.50
Heating Oil #2/Fuel Oil .....	Long .....	5.43
Gasoline Blendstock .....	Long .....	5.28
Long Energy Positions .....		25.39
Crude Oil WTI .....	Flat .....	8.45
Natural Gas Henry Hub .....	Flat .....	5.62
Flat Energy Positions .....		14.07
Total Energy Positions .....		39.46
<i>Agriculture:</i>		
Corn .....	Long .....	5.20
Soybeans .....	Long .....	4.33
Sugar #11 .....	Long .....	4.08
Coffee 'C'/Colombian .....	Long .....	3.70
Soybean Oil .....	Long .....	3.30
Soybean Meal .....	Long .....	3.10
Long Agriculture Positions .....		23.71
Wheat/No. 2 Soft Red .....	Short .....	5.58
Wheat/No. 2 Hard Winter .....	Short .....	3.60
Cotton/1 <sup>1</sup> / <sub>6</sub> .....	Short .....	3.59
Short Agriculture Positions .....		12.77
Total Agriculture Positions .....		36.48
<i>Metals:</i>		
Gold .....	Long .....	8.58
Silver .....	Long .....	4.17
Long Metals Positions .....		12.75
Copper High Grade .....	Short .....	4.64
Short Metals Positions .....		4.64
Total Metals Positions .....		17.39
<i>Livestock:</i>		
Cattle Live .....	Short .....	3.87
Hogs Lean .....	Short .....	2.80
Short Livestock Positions .....		6.67

These are the actual signals and weights of the Index as of September 30, 2011, and are not the actual signals or weights of the Fund.

The Index construction rules and other information about the Index can be found on Morningstar's Web site at <http://indexes.morningstar.com>, which is publicly available at no charge.

*Long/Short Portfolio of Commodity Futures.* The Fund will invest directly in a diverse portfolio of exchange-traded commodity futures contracts that provide long/short exposure to the global commodity markets. By investing long/short, the Fund will seek to generate attractive total returns from positive or negative commodity price

changes and positive or negative roll yield. Like most commodity futures investors, the Fund will replace expiring futures contracts with more distant contracts to avoid taking physical delivery of a commodity. This replacement of expiring contracts with more distant contracts is referred to as "roll." To maintain exposure to commodity futures over an extended period, before contracts expire, the Commodity Sub-Advisor will roll the futures contracts throughout the year into new contracts so as to maintain a fully invested position.

The Commodity Sub-Advisor will employ a proprietary methodology in assessing commodity market

movements and in determining the Fund's long/short commodity futures positions. Generally, the Commodity Sub-Advisor will employ momentum-based modeling (quantitative formulas that evaluate trend relationships between the changes in prices of futures contracts and trading volumes for a specific commodity) to estimate forward-looking prices and to evaluate the return impact of futures contract rolls. To determine the direction of the commodity futures position, either long or short (or flat in the case of energy futures contracts), the Commodity Sub-Advisor will calculate a roll-adjusted price that accounts for the current spot price and the impact of roll yield. The

futures price for a commodity that has positive roll yield (described as “backwardation”) is adjusted up and the price for a commodity that has negative roll yield (described as “contango”) is adjusted down. Generally, if a commodity’s roll-adjusted price exceeds its 12-month moving average, the Fund expects to be long the commodity futures contract. Conversely, if the roll-adjusted price is below its 12-month moving average, the Fund expects to be short the commodity futures contract except for energy contracts which will be flat, *i.e.*, in cash. The Commodity Sub-Advisor may exercise discretion in its long/short decisions and the timing and implementation of the Fund’s commodity investments to seek to benefit from trading on commodity price momentum.

The Commodity Sub-Advisor’s long/short commodity investment program rules are proprietary, were developed by its senior portfolio management team, and expand upon the rules governing the Index. Upon completing the initial investment of the net proceeds of the offering, the Fund expects that the commodity futures contracts, their relative weights, and long/short direction will substantially replicate the constituent holdings and weights of the Index. Although the Commodity Sub-Advisor may exercise discretion in deciding which commodities to invest in, typically, the Fund expects to follow certain rules pertaining to eligible commodity futures contracts, weights, diversification, rebalancing, and annual reconstitution that are the same as those for the Index in order to minimize the divergence between the price behavior of the Fund’s commodity futures portfolio and the price behavior of the Index (referred to as “tracking error”). Over time, the Fund’s commodity investments managed pursuant to the Commodity Sub-Advisor’s long/short commodity investment program may differ from those of the Index.

In addition, in actively managing the Fund’s long/short portfolio of commodity futures contracts, the Commodity Sub-Advisor will seek to add value compared with the Index by implementing the following proprietary investment methods: (i) Trading contracts in advance of monthly index rolls; (ii) individual commodity futures contract selection; and (iii) active implementation. As a result, the roll dates, terms, underlying contracts, and contract prices selected by the Commodity Sub-Advisor may vary significantly from the Index based upon the Commodity Sub-Advisor’s implementation of the long/short commodity investment program in light

of the relative value of different contract terms. The Commodity Sub-Advisor’s active management approach will be market-driven and opportunistic and is intended to minimize market impact and avoid market congestion during certain days of the trading month.

*Integrated Options Strategy.* The Fund will employ a commodity option writing strategy that seeks to produce option premiums for the purpose of enhancing the Fund’s risk-adjusted total return over time. Option premiums generated by this strategy may also enable the Fund to more efficiently implement its distribution policy. There can be no assurance that the Fund’s options strategy will be successful.

Pursuant to the options strategy, the Fund may sell commodity call or put options, which will all be exchange-traded, on a continual basis on up to approximately 25% of the notional value of each of its corresponding commodity futures contracts that, in the Commodity Sub-Advisor’s determination, have sufficient option trading volume and liquidity. Initially, the Fund expects to sell commodity options on approximately 15% of the notional value of each of its commodity futures contracts. If the Commodity Sub-Advisor buys the commodity futures contract, they will sell a call option on the same underlying commodity futures contract. If the Commodity Sub-Advisor shorts the commodity futures contract, they will sell a put option on the same underlying commodity futures contract (except in the case of energy futures contracts). The Commodity Sub-Advisor may exercise discretion with respect to commodity futures contract selection. Due to trading and liquidity considerations, the Commodity Sub-Advisor may determine that it is in the best interest of Fund shareholders to sell options on like commodities (for example, gas oil and heating oil are like commodities) and not matched commodity futures contracts.

Since the Fund’s option overwrite is initially expected to represent 15% of the notional value of each of its commodity futures contract positions, the Fund will retain the ability to benefit from the full capital appreciation potential beyond the strike price on the majority (85% or more) of its long and/or short commodity futures contracts. An important objective of the Fund’s long/short commodity investment strategy will be to retain capital appreciation potential with respect to the major portion of the Fund’s portfolio.

When initiating new trades, the Fund expects to sell covered in-the-money options. Because the Fund will hold

options until expiration, the Fund may have uncovered out-of-the-money options in its portfolio depending on price movements of the underlying futures contracts.<sup>12</sup> This element of the Fund’s options strategy increases the Fund’s gap risk, which is the risk that a commodity price will change from one level to another with no trading in between. In the event of an extreme market change or gap move in the price of a single commodity, the Fund’s options strategy may result in increased exposure to that commodity from any uncovered options.

Generally, the Fund expects to sell short-term commodity options with terms of one to three months. Subject to the foregoing limitations, the implementation of the options strategy will be within the Commodity Sub-Advisor’s discretion. Over extended periods of time, the “moneyness” of the commodity options may vary significantly. Upon sale, the commodity options may be “in-the-money,” “at-the-money,” or “out-of-the-money.” A call option is said to be “in-the-money” if the exercise price is below current market levels, “out-of-the-money” if the exercise price is above current market levels, and “at-the-money” if the exercise price is at current market levels. Conversely, a put option is said to be “in-the-money” if the exercise price is above the current market levels and “out-of-the-money” if the exercise price is below current market levels.

If the Commodity Sub-Advisor determines the Fund should have long exposure to an individual commodity futures contract, it will invest long in the commodity futures contract and sell call options on the same underlying commodity futures contract with the same strike price and expiration date. If the Commodity Sub-Advisor determines the Fund should have short exposure to

<sup>12</sup> While the Fund intends to only write covered options, in certain circumstances as described below, the Fund may continue to hold options that due to subsequent trades become out-of-the-money and would be uncovered options. An out-of-the-money option becomes worthless after its expiration and there is no expectation that it will be exercised (and there is no resulting exposure risk for the Fund). For example, if the Fund is long wheat futures and sells covered call options on wheat futures, subsequent price movements in wheat futures may result in the Commodity Sub-Advisor, on behalf of the Fund, reversing from a long position to a short position. In this example, the Commodity Sub-Advisor would then sell its long wheat futures contracts and hold onto the out-of-the-money call option. At the same time, to effect its short position, the Commodity Sub-Advisor would short wheat futures contracts and sell covered put options on wheat futures. The Fund will rebalance its positions no less frequently than monthly and as such it is anticipated that no out-of-the-money option position would be uncovered for longer than one month.

an individual commodity futures contract, it will short the commodity futures contract and sell put options on the same underlying commodity futures contract with the same strike price and expiration date.

An exception is made for commodities in the energy sector since prices of those contracts are extremely sensitive to geopolitical events and not necessarily driven by supply-demand imbalances. If the Commodity Sub-Advisor determines the Fund should have long exposure to an energy futures contract, the Fund will only sell call options on that contract. If the Commodity Sub-Advisor determines the Fund should have short exposure to an energy futures contract, the Fund will move to cash (*i.e.*, a flat position) for that contract and will not sell call or put options on that contract.

*Collateral Portfolio.* The Fund's commodity investments will, at all times, be fully collateralized. The notional value of the Fund's commodity exposure is expected to be approximately equal to the market value of the collateral. The Fund's commodity investments generally will not require significant outlays of principal. Approximately 25% of the Fund's net assets will be initially committed as "initial" and "variation" margin to secure the futures contracts. These assets will be placed in one or more commodity futures accounts maintained by the Fund at BCI and will be held in cash or invested in U.S. Treasury bills and other direct or guaranteed debt obligations of the U.S. government maturing within less than one year at the time of investment. The remaining collateral (approximately 75% of the Fund's net assets) will be held in a separate collateral investment account managed by the Collateral Sub-Advisor.

The Fund's assets held in this separate collateral account will be invested in cash equivalents or short-term debt securities with final terms not exceeding one year at the time of investment. These collateral investments shall be rated at all times at the applicable highest short-term or long-term debt or deposit rating or money market fund rating as determined by at least one nationally recognized statistical rating organization. These collateral investments will consist primarily of direct and guaranteed obligations of the U.S. government and senior obligations of U.S. government agencies and may also include, among others, money market funds and bank money market accounts invested in U.S. government securities, as well as repurchase

agreements collateralized with U.S. government securities.

#### *Commodity Futures Contracts and Related Options*

Investments in individual commodity futures contracts and options on futures contracts historically have had a high degree of price variability and may be subject to rapid and substantial price changes, which could affect the value of the Shares. The Fund will invest in a diverse portfolio of exchange-traded commodity futures contracts and exchange-traded options on commodity futures contracts. The Fund expects to make investments in the most actively traded commodity futures contracts in the four main commodity sectors in the global commodities markets, as described above. Options on commodity futures contracts are contracts giving the purchaser the right, as opposed to the obligation, to acquire or to dispose of the commodity futures contract underlying the option on or before a future date at a specified price.

The potential Fund investments in futures contracts and options on such futures contracts are traded on U.S. and non-U.S. exchanges, including the Chicago Board of Trade ("CBOT"), the Chicago Mercantile Exchange ("CME"), the ICE Futures Europe, the ICE Futures U.S., the New York Mercantile Exchange ("NYMEX") and the New York Commodities Exchange ("COMEX"), and the Kansas City Board of Trade ("KBOT").

#### *Additional Product Information*

Commencing with the Fund's first distribution, the Fund intends to make regular monthly distributions to its shareholders (stated in terms of a fixed cents per share distribution rate) based on the past and projected performance of the Fund. Among other factors, the Fund will seek to establish a distribution rate that roughly corresponds to the Manager's projections of the total return that could reasonably be expected to be generated by the Fund over an extended period of time. Each monthly distribution will not be solely dependent on the amount of income earned or capital gains realized by the Fund, and such distributions may from time to time represent a return of capital and may require that the Fund liquidate investments. As market conditions and portfolio performance may change, the rate of distributions on the Shares and the Fund's distribution policy could change. The Fund reserves the right to change its distribution policy and the basis for establishing the rate of its monthly distributions, or may temporarily suspend or reduce

distributions without a change in policy, at any time and may do so without prior notice to shareholders.

Under the Fund's intended operational procedures, the Fund's net asset value ("NAV") will be calculated after the close of the Exchange (normally 4:00 p.m. Eastern Time or "E.T."), on each day that the Exchange is open.<sup>13</sup> The normal trading hours for those investments of the Fund traded on the various commodity exchanges may differ from the normal trading hours of the Exchange, which are from 9:30 a.m. to 4:00 p.m. E.T. Therefore, there may be time periods during the trading day where the Shares will be trading on the Exchange, but the futures contracts on various commodity exchanges will not be trading. The value of the Shares may accordingly be influenced by the non-concurrent trading hours between the Exchange and the various futures exchanges on which the futures contracts based on the underlying commodities are traded.

The Fund will not continuously offer Shares and will not provide daily redemptions. Rather, if a shareholder determines to buy additional Shares or sell Shares already held, the shareholder may do so by trading on the Exchange through a broker or otherwise. Shares of the Fund may trade on the Exchange at prices higher or lower than NAV. Because the market value of the Fund's Shares may be influenced by such factors as distribution levels (which are in turn affected by expenses), distribution stability, NAV, relative demand for and supply of such Shares in the market, general market and economic conditions, and other factors beyond the Fund's control, the Fund cannot guarantee that Shares will trade

<sup>13</sup> NAV per Share will be computed by dividing the value of all assets of the Fund (including any accrued interest and dividends), less all liabilities (including accrued expenses and distributions declared but unpaid), by the total number of Shares outstanding. The Fund will publish its NAV on its Web site on a daily basis, rounded to the nearest cent.

For purposes of determining the NAV of the Fund, portfolio instruments will be valued primarily by independent pricing services approved by the Manager at their market value. The Manager will review the values as determined by the independent pricing service and discuss those valuations with the pricing service if appropriate based on pricing oversight guidelines established by the Manager that it believes are consistent with industry standards. If the pricing services are unable to provide a market value or if a significant event occurs such that the valuation(s) provided are deemed unreliable, the Fund may value portfolio instrument(s) at their fair value, which will be generally the amount that the Fund might reasonably expect to receive upon the current sale or closing of a position. The fair value of an instrument will be based on the Manager's good faith judgment and may differ from subsequent quoted or published prices.

at a price equal to or higher than NAV in the future. Shares will be registered in book entry form through the Depository Trust & Clearing Corporation.

Additional information regarding the Fund, the Shares, the Fund's investment strategies, risks, fees, portfolio holdings and disclosure policies, distributions, availability of information, trading rules and halts, and surveillance procedures, among other things, can be found in the Notice and the Registration Statement, as applicable.<sup>14</sup>

### III. Discussion and Commission's Findings

The Commission has carefully reviewed the proposed rule change and finds that it is consistent with the requirements of Section 6 of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>15</sup> In particular, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act,<sup>16</sup> which requires, among other things, that the Exchange's rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, 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 rules of the Exchange, including the requirements of NYSE Amex Rule 1600 *et seq.*, 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,<sup>17</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 through the facilities of the Consolidated Tape Association ("CTA"). The daily settlement prices of the futures contracts and options on

futures contracts held by the Fund are readily available from the Web sites of the relevant futures exchanges, automated quotation systems, published or other public sources, or on-line information services such as Bloomberg or Reuters. The relevant futures exchanges also provide delayed futures information on current and past trading sessions and market news free of charge on their respective Web sites. Futures and related exchange-traded options quotes and last-sale information for the commodity futures contracts are widely disseminated through a variety of market data vendors worldwide, including Bloomberg and Reuters, and complete real-time data for futures contracts and exchange-traded options is available by subscription from Reuters and Bloomberg. The daily returns for the Index (*i.e.*, percentage change from the previous day) are posted on the Morningstar Web site by 8:00 a.m. E.T. on the following business day, and the Index value is disseminated through Bloomberg and other market data vendors every 15 seconds from 9:30 a.m. to 5:15 p.m. E.T. The Index construction rules and other information about the Index are publicly available on Morningstar's Web site at no charge. The Fund's total portfolio composition and the composition of the collateral portfolio will be disclosed on the Fund's Web site on each business day that the Exchange is open for trading.<sup>18</sup> As noted above, the Fund's NAV will be calculated after the close of the Exchange (normally 4:00 p.m. E.T.), on each day that the Exchange is open, and disseminated daily to all market participants at the same time.<sup>19</sup> The Fund's Web site will also include a form of the prospectus for the Fund,

<sup>14</sup> This Web site disclosure of portfolio holdings will be made daily and will include, as applicable: (a) The name, number of contracts or options, value per contract or option, and total value and percentage of the Fund's total value represented by each individual commodity futures contract or option to purchase a commodity futures contract invested in by the Fund; (b) the total value of the collateral as represented by cash; (c) cash equivalents; and (d) debt securities rated at the applicable highest short-term or long-term debt or deposit rating or money market fund rating as determined by at least one nationally recognized statistical rating organization held in the Fund's portfolio. The total portfolio holdings will be disseminated to all market participants at the same time.

<sup>15</sup> NAV per Share will be computed by dividing the value of all assets of the Fund (including any accrued interest and dividends), less all liabilities (including accrued expenses and distributions declared but unpaid), by the total number of Shares outstanding. The Fund will publish its NAV on its Web site on a daily basis, rounded to the nearest cent.

information relating to NAV, and other quantitative and trading information.<sup>20</sup>

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 Commission notes that the Exchange will obtain a representation from the issuer of the Shares that the NAV per Share will be calculated daily and will be made available to all market participants at the same time.<sup>21</sup> With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares, and trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. In particular, if the Exchange becomes aware that the portfolio holdings and NAV per Share are not being disseminated as required, the Exchange may halt trading during the day in which the interruption to the dissemination of the portfolio holdings or NAV per Share occurs. If the interruption to the dissemination of the portfolio holdings or NAV per Share persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption.<sup>22</sup>

<sup>20</sup> The Exchange notes that exchange traded funds ("ETFs") (and commodity pools that seek to replicate an ETF structure) publish intraday indicative values generally every 15 seconds (along with full transparency of portfolio holdings) in order to facilitate the arbitrage mechanism that is intended to minimize any deviation between the ETF's market price and the per share NAV of the ETF shares, which in turn facilitates the creation/redemption mechanism that is fundamental to ETFs. The creation/redemption mechanism is the process by which institutional investors make and redeem investments in large "Creation Units" of ETF Shares. Unlike ETFs, the Fund will not redeem its Shares, and therefore will not rely on a creation/redemption mechanism to create an arbitrage mechanism. Instead, the Manager has advised the Exchange that it expects the Shares to have trading characteristics similar to those of exchange-traded closed-end funds. Because the Fund has no creation/redemption mechanism, the Manager has advised the Exchange that it believes that the publishing of an intraday indicative value for the Fund would serve no useful purpose for investors or the market as a whole, and because the Fund is actively managed, publication of its trades in advance would be harmful to the Fund and its shareholders.

<sup>21</sup> See NYSE Amex Rule 1602(a)(ii). The Manager has represented to the Exchange that the NAV will be disseminated to all market participants at the same time. See Notice, *supra*, note 3.

<sup>22</sup> See NYSE Amex Rule 1602(b)(ii). In addition, the Exchange will halt trading in the Shares if the circuit breaker parameters of Rule 80B-NYSE Amex Equities have been reached. In exercising its discretion to halt or suspend trading in the Shares,

Continued

<sup>14</sup> See Notice and Registration Statement, *supra* notes 3 and 5, respectively.

<sup>15</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>16</sup> 15 U.S.C. 78f(b)(5).

<sup>17</sup> 15 U.S.C. 78k-1(a)(1)(C)(iii).

In addition, each of the Manager, the Commodity Sub-Advisor, and the Collateral Sub-Advisor has represented to the Exchange that it has erected and maintains firewalls within its respective institution to prevent the flow and/or use of non-public information regarding the portfolio of underlying securities from the personnel involved in the development and implementation of the investment strategy to others such as sales and trading personnel. The Commodity Sub-Advisor, the Collateral Sub-Advisor, any sub-adviser of either, and the respective related personnel of both are subject to the provisions of Rule 204A-1 under the Advisers Act relating to codes of ethics. Morningstar, Inc. has erected and maintains information firewalls between the group which is responsible for the Index and employees of its broker-dealer subsidiary to prevent the flow and/or use of material non-public information regarding the Index from the personnel responsible for the Index to employees of the broker-dealer. The Exchange states that it has a general policy prohibiting the distribution of material, non-public information by its employees. The Commission also notes that the Exchange is able to obtain information with respect to the underlying futures contracts and options on futures contracts from the exchanges listing and trading such futures contracts and options on futures contracts that are members of the Intermarket Surveillance Group ("ISG") or with which the Exchange has entered into a comprehensive surveillance sharing agreement.<sup>23</sup>

The Exchange further represents that the Shares are deemed 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 Fund will be subject to the criteria in NYSE Amex Rule 1602 for initial and continued listing of the Shares.

<sup>23</sup> The Exchange may consider factors such as those set forth in Rule 953NY(a), in addition to other factors that may be relevant. *Id.*

<sup>23</sup> The Exchange represents that it can obtain market surveillance information, including customer identity information, with respect to transactions occurring on exchanges that are members of ISG, including CME, CBOT, COMEX, NYMEX (all of which are part of CME Group, Inc.), and ICE Futures US. In addition, the Exchange currently has in place a comprehensive surveillance sharing agreement with each of CME, NYMEX, ICE Futures Europe, and KCBOT for the purpose of providing information in connection with trading in or related to futures contracts or options on futures contracts traded on those markets.

(2) The Exchange's surveillance procedures are adequate to properly monitor Exchange trading of the Shares and to deter and detect violations of Exchange rules and applicable federal securities laws. All of the commodity futures contracts and options on commodity futures contracts in which the Fund will invest will be traded on regulated exchanges, and the Manager has represented to the Exchange that, while the Fund may invest in futures contracts or options on futures contracts which trade on markets that are not members of ISG or with which the Exchange does not have in place a comprehensive surveillance sharing agreement, such instruments will never represent more than 10% of the Fund's holdings.

(3) The Exchange will distribute an Information Circular ("Circular") to its members in connection with the trading of the Shares. The Circular will discuss the special characteristics and risks of trading this type of security. Specifically, the Circular, among other things, will discuss what the Shares are, the requirement that members and member firms deliver a prospectus to investors purchasing the Shares prior to or concurrently with the confirmation of a transaction during the initial public offering, applicable NYSE Amex rules, and trading information and applicable suitability rules. The Circular will also explain that the Fund is subject to various fees and expenses described in the Registration Statement. The Circular will also reference the fact that there is no regulated source of last sale information regarding physical commodities and note the respective jurisdictions of the Commission and CFTC. The Circular will also advise members of their suitability obligations with respect to recommended transactions to customers in the Shares.

(4) For initial and continued listing of the Shares, the Fund will be in compliance with Rule 10A-3 under the Act.<sup>24</sup>

(5) The Fund will not invest in swaps or over-the-counter derivatives.

(6) The Fund's commodity investments will, at all times, be fully collateralized, and the Fund's investments will be consistent with the Fund's investment objective and will not be used to enhance leverage.

(7) A minimum of 2,000,000 Shares will be required to be publicly distributed at the commencement of trading on the Exchange.

This approval order is based on all of the Exchange's representations and

description of the Fund, including those set forth above and in the Notice.

For the foregoing reasons, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act<sup>25</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 Act,<sup>26</sup> that the proposed rule change (SR-NYSEAmex-2012-24) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>27</sup>

**Kevin M. O'Neill,**  
*Deputy Secretary.*

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#### SMALL BUSINESS ADMINISTRATION

##### Inspector General; Line of Succession Designation, No. 23-C, Revision 5

This document replaces and supersedes "Delegation of Authority and Line of Succession No. 23-C, Revision 4."

Line of Succession Designation, No. 23-C, Revision 5:

Effective immediately, the Inspector General's Line of Succession Designation is as follows:

(a) In the event of my inability to perform the functions and duties of my position, or my absence from the office, the Deputy Inspector General, who is the first assistant for purposes of the Federal Vacancies Reform Act of 1998 (5 U.S.C. § 3345-3349d), will assume all functions and duties of the Inspector General. In the event the Deputy Inspector General and I are both unable to perform the functions and duties of the position or are absent from our offices, and in the absence of the specific designation of another official in writing by the Inspector General or the Acting Inspector General, I designate the officials in listed order below, if they are eligible to act as Inspector General under the provisions of the Federal Vacancies Reform Act of 1998, to serve as Acting Inspector General with full authority to perform all acts which the Inspector General is authorized to perform:

(1) Assistant Inspector General for Auditing;

(2) Assistant Inspector General for Investigations;

<sup>25</sup> 15 U.S.C. 78f(b)(5).

<sup>26</sup> 15 U.S.C. 78s(b)(2).

<sup>27</sup> 17 CFR 200.30-3(a)(12).

<sup>24</sup> See 17 CFR 240.10A-3.