

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 to determine whether the proposed rule 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. Please include File Number SR-NASDAQ-2014-055 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-NASDAQ-2014-055. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-NASDAQ-2014-055 and should be submitted on or before June 20, 2014.

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

Kevin M. O'Neill,
Deputy Secretary.

[FR Doc. 2014-12518 Filed 5-29-14; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72241; File No. SR-NASDAQ-2014-027]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To List and Trade Shares of the PowerShares Multi-Strategy Alternative Portfolio of PowerShares Actively Managed Exchange-Traded Fund Trust

May 23, 2014.

I. Introduction

On March 24, 2014, The NASDAQ Stock Market LLC ("Nasdaq" or the "Exchange") 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")¹ and Rule 19b-4 thereunder,² a proposed rule change to list and trade the shares ("Shares") of the PowerShares Multi-Strategy Alternative Portfolio ("Fund") under Nasdaq Rule 5735. The proposed rule change was published for comment in the **Federal Register** on April 11, 2014.³ The Commission received no comments on the proposal. On May 21, Nasdaq filed Amendment No. 1 to the proposal.⁴ The Commission is publishing this notice to solicit comments on Amendment No. 1 from interested persons and is approving the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

²⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 71892 (Apr. 7, 2014), 79 FR 20262 ("Notice").

⁴ In Amendment No. 1, Nasdaq amended the proposed rule change to: (i) Narrow the scope of the Fund's investments to exclude non-U.S. exchange traded index options; and (ii) specify where quotation and last sale information could be found for underlying exchange traded equities, options, and futures.

II. Description of the Proposed Rule Change

The Exchange proposes to list and trade Shares of the Fund under Nasdaq Rule 5735, which governs the listing and trading of Managed Fund Shares. The Shares will be offered by PowerShares Actively Managed Exchange-Traded Fund Trust ("Trust"). The Trust is registered with the Commission as an investment company as defined by the Investment Company Act of 1940 ("Investment Company Act").⁵ The Fund is a series of the Trust.

Invesco PowerShares Capital Management LLC will be the investment adviser ("Adviser") to the Fund. The Fund may use one or more sub-advisers.⁶ Invesco Distributors, Inc. ("Distributor") will be the principal underwriter and distributor of the Shares. The Bank of New York Mellon will act as the administrator, accounting agent, custodian, and transfer agent for the Fund.

The Exchange represents that the Adviser is not a broker-dealer although it is affiliated with the Distributor, which is a broker-dealer.⁷ The Adviser has implemented a fire wall with respect to its broker-dealer affiliate regarding access to information concerning the composition and/or changes to the portfolio. The Exchange also represents that the Shares will be subject to Nasdaq Rule 5735, which sets forth the initial and continued listing criteria applicable to Managed Fund Shares⁸ and that for initial and continued listing, the Fund must be in compliance with Rule 10A-3 under the Act.⁹

⁵ The Trust has filed a registration statement on Form N-1A ("Registration Statement") with the Commission. See Registration Statement filed on November 27, 2013 (File Nos. 333-147622 and 811-22148). The descriptions of the Fund and the Shares contained herein are based, in part, on information in the Registration Statement. In addition, the Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act. See Investment Company Act Release No. 28171 (February 27, 2008) (File No. 812-13386).

⁶ The Exchange states that no sub-adviser had been selected as of the date of filing of the Notice. See Notice *supra* note 3, 79 FR at 20263, n.6.

⁷ See *id.* at 20263. The Exchange states in the event (a) the Adviser becomes newly affiliated with a broker-dealer (or becomes a registered broker-dealer), 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 and/or such broker-dealer affiliate, if applicable, regarding access to information concerning the composition and/or changes to the portfolio and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio. See *id.* at 20263.

⁸ See *id.* at 20267.

⁹ See 17 CFR 240.10A-3. See also Notice, *supra* note 3 at 20267.

The Exchange has made the following additional representations and statements in describing the Fund and its investment strategy, including portfolio holdings and investment restrictions:

Principal Investments

According to the Exchange, the Fund's investment objective will be to seek positive total returns that have low correlation to the broader securities markets. The Fund seeks to achieve its investment objective by actively investing in a combination of a varying number of market neutral and other investment strategies ("Strategies") that aim to capture non-traditional risk premia across asset classes.

The Adviser will allocate the weightings of the Fund's investments across the multiple Strategies according to a rules-based methodology and will reallocate the Fund's assets among Strategies to achieve the Fund's investment objective. The Strategies may include, but are not limited to, quantitative, volatility risk premium and carry Strategies. The Strategies are similar to the strategies included in its benchmark, and the Fund may hold the same types of instruments in similar weightings as the benchmark. The Adviser is not obliged to track the performance of the benchmark and will use proprietary portfolio management techniques to seek to exceed the benchmark's performance.

The Fund may take both long and short positions in exchange-traded equity securities and equity index futures.¹⁰ The Fund also may take a long and a short position in various currencies by investing in currency forward and/or futures contracts.¹¹

Additionally, the Fund may invest in index options.¹² In following various Strategies, the Fund may purchase and sell interest rate futures, including Eurodollar interest rate futures or Euro Euribor interest rate futures, and Chicago Board Options Exchange Volatility Index futures contracts.¹³

¹⁰ These equity securities, including exchange-traded equity securities of registered investment companies, and equity index futures will be traded on U.S. exchanges or non-U.S. exchanges that are members of the Intermarket Surveillance Group ("ISG").

¹¹ Currency futures contracts will be traded on U.S. exchanges or non-U.S. exchanges that are ISG members. Currency forward contracts will be traded over-the-counter.

¹² Index options will be traded on U.S. exchanges that are ISG members. See Notice, *supra* note 3, at 20263, n.12. See also Amendment No. 1, *supra*, note 4.

¹³ These futures contracts will be traded on U.S. exchanges or non-U.S. exchanges that are ISG members. See *id.* at 20263, n.13.

The Subsidiary

The Fund may seek to gain exposure to these various derivative investments through investments in a subsidiary ("Subsidiary"), which in turn would make investments in those derivatives and other instruments. If utilized, the Subsidiary would be wholly-owned and controlled by the Fund, and its investments would be consolidated into the Fund's financial statements.

Should the Fund invest in the Subsidiary, that investment may not exceed 25% of the Fund's total assets at each quarter-end of the Fund's fiscal year. Further, should the Fund invest in the Subsidiary, it would be expected to provide the Fund with exposure to futures contracts and other derivatives within the limits of Subchapter M of the Internal Revenue Code applicable to investment companies, such as the Fund, which limit the ability of investment companies to invest directly in derivative instruments.

The Subsidiary would be able to invest in the same asset classes in which the Fund may invest, and the Subsidiary would be subject to the same general investment policies and restrictions as the Fund, except that, unlike the Fund, which must invest in derivatives in compliance with the requirements of Subchapter M of the Internal Revenue Code, federal securities laws and the Commodity Exchange Act, the Subsidiary may invest without limitation in futures contracts. According to the Exchange, references to the investment strategies and risks of the Fund include the investment strategies and risks of the Subsidiary.¹⁴

Other Investments

The Fund may invest in U.S. government securities, money market instruments, cash and cash equivalents (e.g., corporate commercial paper) to provide liquidity and to collateralize its investments in derivative instruments.

The Fund may invest in: (i) Short-term obligations issued by the U.S. Government;¹⁵ (ii) short term negotiable obligations of commercial banks, fixed time deposits and bankers' acceptances of U.S. and foreign banks and similar institutions;¹⁶ and (iii) commercial

¹⁴ See *id.* at 20264.

¹⁵ The Fund may invest in U.S. government obligations. Obligations issued or guaranteed by the U.S. Government, its agencies and instrumentalities include bills, notes and bonds issued by the U.S. Treasury, as well as "stripped" or "zero coupon" U.S. Treasury obligations representing future interest or principal payments on U.S. Treasury notes or bonds.

¹⁶ Time deposits are non-negotiable deposits maintained in banking institutions for specified periods of time at stated interest rates. Banker's

paper rated at the date of purchase "Prime-1" by Moody's Investors Service, Inc. or "A-1+" or "A-1" by Standard & Poor's or, if unrated, of comparable quality, as the Adviser of the Fund determines.

In addition, the Fund may invest in non-exchange listed securities of other investment companies (including money market funds) beyond the limits permitted under the 1940 Act, subject to certain terms and conditions set forth in a Commission exemptive order issued pursuant to Section 12(d)(1)(J) of the 1940 Act.¹⁷

Investment Restrictions

The Fund may not concentrate its investments (*i.e.*, invest more than 25% of the value of its net assets) in securities of issuers in any one industry or group of industries. This restriction will not apply to obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities.

The Subsidiary's shares will be offered only to the Fund, and the Fund will not sell shares of the Subsidiary to other investors. The Fund and the Subsidiary will not invest in any non-U.S. equity securities (other than shares of the Subsidiary).

The Fund may hold up to an aggregate amount of 15% of its net assets in illiquid securities or other illiquid assets (calculated at the time of investment). 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 securities or other illiquid assets. Illiquid securities and other illiquid assets include those subject to contractual or other restrictions on resale and other instruments or assets that lack readily available markets as determined in accordance with Commission staff guidance.

Additional information regarding the Trust, Fund, Subsidiary, and Shares, including investment strategies, risks, creation and redemption procedures, fees, portfolio holdings, disclosure policies, distributions and taxes, calculation of net asset value per share ("NAV"), availability of information, trading rules and halts, and surveillance procedures, among other things, can be

acceptances are time drafts drawn on commercial banks by borrowers, usually in connection with international transactions.

¹⁷ Investment Company Act Release No. 30238 (October 23, 2012) (File No. 812-13820).

found in the Notice or the Registration Statement, as applicable.¹⁸

III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with the requirements of Section 6 of the Act¹⁹ and the rules and regulations thereunder applicable to a national securities exchange.²⁰ In particular, the Commission finds that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act,²¹ 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 requirements of Nasdaq Rule 5735 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,²² 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 Nasdaq proprietary quote and trade services, as well as in accordance with the Unlisted Trading Privileges and the Consolidated Tape Association plans.²³ Quotation and last sale information for any underlying exchange-traded equity will also be available via the quote and trade service of their respective primary exchanges, as well as in accordance with the Unlisted Trading Privileges and the Consolidated Tape Association plans.²⁴ Quotation and last sale information for

¹⁸ See Notice and Registration Statement, *supra* notes 3 and 5, respectively.

¹⁹ 15 U.S.C. 78(f).

²⁰ In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78(c).

²¹ 15 U.S.C. 78f(b)(5).

²² 15 U.S.C. 78k-1(a)(1)(C)(iii).

²³ See Notice, *supra* note 3, 79 FR at 20267.

²⁴ See Amendment No. 1, *supra* note 4.

any underlying exchange-traded options will also be available via the quote and trade service of their respective primary exchanges and through the Options Price Reporting Authority.²⁵ Quotation and last sale information for any underlying exchange-traded futures contracts will be available via the quote and trade service of their respective primary exchanges.²⁶ In addition, the Intraday Indicative Value (as defined in Nasdaq Rule 5735(c)(3)) will be based upon the current value of the components of the Disclosed Portfolio (as defined in Nasdaq Rule 5735(c)(2)), will be available on the NASDAQ OMX Information LLC proprietary index data service,²⁷ and will be updated and widely disseminated and broadly displayed at least every 15 seconds during the Regular Market Session.²⁸ On each business day, before commencement of trading in Shares in the Regular Market Session on the Exchange, the Fund will disclose on its Web site the Disclosed Portfolio,²⁹ which will form the basis for the Fund's calculation of NAV at the end of the business day.³⁰ The NAV of the Fund will be determined once each business day, normally as of the close of trading on the New York Stock Exchange (normally 4:00 p.m. Eastern time).³¹ Information regarding market price and volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services.³² Information regarding the previous day's closing price and trading volume information for the Shares will be published daily in the financial section of newspapers.³³ Intra-day, executable price quotations for the securities and other assets held by the Fund will be available from major broker-dealer firms or on the exchange on which they are traded, as applicable.³⁴ Intra-day price information will also be available through subscription services, such as

²⁵ *See id.*

²⁶ *See id.*

²⁷ According to the Exchange, the NASDAQ OMX Global Index Data Service is the NASDAQ OMX global index data feed service, offering real-time updates, daily summary messages, and access to widely followed indexes and Intraday Indicative Values for exchange-traded funds. See Notice, *supra* note 3, 79 FR at 20266.

²⁸ *See id.*

²⁹ The Disclosed Portfolio will include, as applicable, the names, quantity, percentage weighting and market value of securities and other assets held by the Fund and the Subsidiary and the characteristics of such assets. *See id.*

³⁰ The Web site information will be publicly available at no charge. *See id.*

³¹ *See id.* at 20265.

³² *See id.* at 20267.

³³ *See id.*

³⁴ *See id.* 20266.

Bloomberg, Markit, and Thomson Reuters, which can be accessed by authorized participants and other investors.³⁵ The Fund's Web site will include a form of the prospectus for the Fund and additional data relating to NAV and other applicable quantitative information.³⁶

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 will be calculated daily and that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time.³⁷ Further, trading in the Shares will be subject to Nasdaq 5735(d)(2)(D), which sets forth circumstances under which trading in the Shares may be halted.³⁸ The Exchange may halt trading in the Shares if trading is not occurring in the securities or the financial instruments constituting the Disclosed Portfolio or if other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.³⁹ Further, the Commission notes that the Reporting Authority that provides the Disclosed Portfolio must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material, non-public information regarding the actual components of the portfolio.⁴⁰ The Exchange states that it has a general policy prohibiting the distribution of material, non-public information by its employees.⁴¹ The Exchange states that the Adviser is not a broker-dealer and although it is affiliated a broker-dealer, the Adviser has implemented a fire wall with

³⁵ *See id.* at 20267.

³⁶ *See id.* at 20266.

³⁷ *See id.* at 20267.

³⁸ *See id.*

³⁹ *See id.* See also 5735(d)(2)(C) (providing additional considerations for the suspension of trading in or removal from listing of Managed Fund Shares on the Exchange). With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Fund. Nasdaq will halt or pause trading in the Shares under the conditions specified in Nasdaq Rules 4120 and 4121, including the trading pauses under Nasdaq Rules 4120(a)(11) and (12). Trading also may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. See Notice, *supra* note 3, 79 FR at 20267.

⁴⁰ See Nasdaq Rule 5735(d)(2)(B)(ii).

⁴¹ See Notice, *supra* note 3, 79 FR at 20267.

respect to its broker-dealer affiliate regarding access to information concerning the composition and/or changes to the portfolio. The Exchange also states that in the event (a) the Adviser becomes, or becomes newly affiliated with a broker-dealer or registers as a broker-dealer, 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 and/or such broker-dealer affiliate regarding access to information concerning the composition of or changes to the portfolio and will be subject to procedures designed to prevent the use and dissemination of material, non-public information regarding the portfolio.⁴²

In support of this proposal, the Exchange has made representations, including:

(1) The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities.

(2) The Shares will be subject to Nasdaq Rule 5735, which sets forth the initial and continued listing criteria applicable to Managed Fund Shares.

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

(4) 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) Nasdaq Rule 2111A, which imposes suitability obligations on Nasdaq members with respect to recommending transactions in the Shares to customers; (c) how information regarding the Intraday Indicative Value is disseminated; (d) the risks involved in trading the Shares during the Pre-Market and Post-Market Sessions 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.

(5) Trading in the Shares will be subject to the existing trading surveillances, administered by both Nasdaq and 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, 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 applicable federal securities laws.

(6) FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares and other exchange-traded securities and instruments held by the Fund with other markets and other entities that are members of the ISG⁴³ and FINRA may obtain trading information regarding trading in the Shares and exchange-traded securities and instruments held by the Fund from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares and exchange-traded securities and instruments held by the Fund from markets and other entities that are members of ISG, which includes securities and futures exchanges, or with which the Exchange has in place a comprehensive surveillance sharing agreement.

(7) For initial and continued listing, the Fund must be in compliance with Rule 10A-3 under the Exchange Act.⁴⁴

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

(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); 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 will not be operated in a manner designed to seek a multiple of the performance of an underlying reference index.

(11) The Fund's investments will be consistent with the Fund's investment objective.

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.

⁴³ For a list of the current members of ISG, see www.isgportal.org. The Exchange notes that not all components of the Disclosed Portfolio may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

⁴⁴ 17 CFR 240.10A-3.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning whether Amendment No. 1 is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to *rule-comments@sec.gov*. Please include File Number SR-NASDAQ-2014-027 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-NASDAQ-2014-027. 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 such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NASDAQ-2014-027, and should be submitted on or before June 20, 2014.

V. Accelerated Approval of Proposed Rule Change, As Modified by Amendment No. 1

The Commission finds good cause to approve the proposed rule change, as modified by Amendment No. 1, prior to

⁴² See *supra* note 7 and accompanying text.

the thirtieth day after the date of publication of notice in the **Federal Register**. The amendment clarifies where price information can be found for certain underlying exchange traded assets, and thereby provides support that the overlying Shares will be fairly priced. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act,⁴⁵ to approve the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁴⁶ that the proposed rule change (SR-NASDAQ-2014-027), as modified by Amendment No 1, be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴⁷

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014-12521 Filed 5-29-14; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72246; File No. SR-BX-2014-027]

Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Extension of the Exchange's Penny Pilot Program

May 23, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4² thereunder, notice is hereby given that on May 20, 2014, NASDAQ OMX BX, Inc. (“Exchange” or “BX”) 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

BX is filing with the Commission a proposal to amend Chapter VI, Section

5 (Minimum Increments) to amend Chapter VI, Section 5 (Minimum Increments) to: Extend through December 31, 2014, the Penny Pilot Program in options classes in certain issues (“Penny Pilot” or “Pilot”), and to change the date when delisted classes may be replaced in the Penny Pilot.³

The Exchange requests that the Commission waive the 30-day operative delay period to the extent needed for timely industry-wide implementation of the proposal.

The text of the amended Exchange rule is set forth immediately below.

Proposed new language is *underlined* and proposed deleted language is [bracketed].

NASDAQ OMX BX Rules

Options Rules

* * * * *

Chapter VI Trading Systems

* * * * *

Sec. 5 Minimum Increments

(a) The Board may establish minimum quoting increments for options contracts traded on BX Options. Such minimum increments established by the Board will be designated as a stated policy, practice, or interpretation with respect to the administration of this Section within the meaning of Section 19 of the Exchange Act and will be filed with the SEC as a rule change for effectiveness upon filing. Until such time as the Board makes a change in the increments, the following principles shall apply:

(1) If the options series is trading at less than \$3.00, five (5) cents;

(2) If the options series is trading at \$3.00 or higher, ten (10) cents; and

(3) For a pilot period scheduled to expire on [June 30, 2014]December 31, 2014, if the options series is trading pursuant to the Penny Pilot program one (1) cent if the options series is trading at less than \$3.00, five (5) cents if the options series is trading at \$3.00 or higher, unless for QQQQs, SPY and IWM where the minimum quoting increment will be one cent for all series regardless of price. A list of such options shall be communicated to membership via an Options Trader Alert (“OTA”) posted on the Exchange’s Web site.

The Exchange may replace any pilot issues that have been delisted with the next most actively traded multiply listed options classes that are not yet included in the pilot, based on trading activity in the previous six months. The replacement issues may be added to the pilot on the second trading day following [January 1, 2014]July 1, 2014.

³ The Penny Pilot was established in June 2012 and extended in December 2013. See Securities Exchange Act Release Nos. 67256 (June 26, 2012), 77 FR 39277 (July 2, 2012) (SR-BX-2012-030) (order approving BX option rules and establishing Penny Pilot); and 71107 (December 17, 2013), 78 FR 77528 (December 23, 2013) (SR-BX-2013-061) (notice of filing and immediate effectiveness extending the Penny Pilot through June 30, 2014).

- (4) No Change.
- (b) No Change.

* * * * *

The text of the proposed rule change is also available on the Exchange’s Web site at <http://nasdaqomxbx.cchwallstreet.com>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

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

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

1. Purpose

The purpose of this filing is to amend Chapter VI, Section 5 to extend the Penny Pilot through December 31, 2014, and to change the date when delisted classes may be replaced in the Penny Pilot.

Under the Penny Pilot, the minimum price variation for all participating options classes, except for the Nasdaq-100 Index Tracking Stock (“QQQQ”), the SPDR S&P 500 Exchange Traded Fund (“SPY”) and the iShares Russell 2000 Index Fund (“IWM”), is \$0.01 for all quotations in options series that are quoted at less than \$3 per contract and \$0.05 for all quotations in options series that are quoted at \$3 per contract or greater. QQQQ, SPY and IWM are quoted in \$0.01 increments for all options series. The Penny Pilot is currently scheduled to expire on June 30, 2014.

The Exchange proposes to extend the time period of the Penny Pilot through December 31, 2014, and to provide revised dates for adding replacement issues to the Penny Pilot. The Exchange proposes that any Penny Pilot Program issues that have been delisted may be replaced on the second trading day following July 1, 2014. The replacement issues will be selected based on trading activity in the previous six months.⁴

⁴ The replacement issues will be announced to the Exchange’s membership via an Options Trader

¹ 15 U.S.C. 78s(b)(2).

² 17 CFR 200.30-3(a)(12).

³ 15 U.S.C. 78s(b)(1).

⁴ 17 CFR 240.19b-4.