

(3) The Exchange represents that trading in the Shares will be subject to the existing trading surveillances, administered by FINRA on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws and that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws.

(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 2310, 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.<sup>37</sup>

(5) For initial and continued listing, the Fund will be in compliance with Rule 10A-3 under the Act.<sup>38</sup>

(6) While the Fund is permitted to invest without restriction in corporate bonds, the Adviser expects that, under normal market conditions, generally, with respect to at least 75% of the Fund's portfolio, a corporate bond will have, at the time of original issuance, \$100 million or more par amount outstanding to be considered as an eligible investment.

(7) The Fund may hold up to an aggregate amount of 15% of its net assets in illiquid assets (calculated at the time of investment), including Rule 144A securities deemed illiquid by the Adviser.

(8) The Fund will limit its investments in asset-backed securities and non-agency mortgage-backed securities (in the aggregate) to 20% of its net assets.

(9) The Fund will not invest in non-U.S. equity securities.

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

This approval order is based on all of the Exchange's representations, including those set forth in the Notice.

#### IV. Conclusion

For the foregoing reasons, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act<sup>39</sup> and the rules and regulations thereunder applicable to a national securities exchange.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>40</sup> that the proposed rule change (SR-NASDAQ-2014-041), as modified by Amendment No. 1, be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>41</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2014-14202 Filed 6-17-14; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72375; File No. SR-EDGA-2014-14]

### Self-Regulatory Organizations; EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Amendments to the EDGA Exchange, Inc. Fee Schedule

June 12, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 2, 2014, EDGA Exchange, Inc. (the "Exchange" or "EDGA") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

<sup>39</sup> 15 U.S.C. 78f(b)(5).

<sup>40</sup> 15 U.S.C. 78s(b)(2).

<sup>41</sup> 17 CFR 200.30-3(a)(12).

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

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

### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend its fees and rebates applicable to Members<sup>3</sup> of the Exchange pursuant to EDGA Rule 15.1(a) and (c) ("Fee Schedule") to: (i) Delete Flag RC, which routes to the National Stock Exchange, Inc. ("NSX") and adds Liquidity; and (ii) make a corrective change to the definition of Average Daily Trading Volume ("ADV") to state that ADV includes shared routed by the Exchange. The text of the proposed rule change is available on the Exchange's Internet Web site at [www.directedge.com](http://www.directedge.com), at the Exchange's principal office, and at the Public Reference Room of the Commission.

### 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 self-regulatory organization 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 self-regulatory organization 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 the Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

The Exchange proposes to amend its Fee Schedule to: (i) Delete Flag RC, which routes to the NSX and adds liquidity; and (ii) make a corrective change to the definition of ADV to state that ADV includes shared routed by the Exchange.

##### Flag RC

The Exchange proposes to amend its Fee Schedule to delete Flag RC, which routes to the NSX and adds liquidity, in response to the NSX's announcement that it will cease market operations and its last day of trading will be Friday, May 30, 2014.<sup>4</sup> The Exchange currently

<sup>3</sup> The term "Member" is defined as "any registered broker or dealer, or any person associated with a registered broker or dealer, that has been admitted to membership in the Exchange. A Member will have the status of a "member" of the Exchange as that term is defined in Section 3(a)(3) of the Act." See Exchange Rule 1.5(n).

<sup>4</sup> See Securities Exchange Act Release No. 72107 (May 6, 2014), 79 FR 27017 (May 12, 2014) (SR-NSX-2014-14) (Notice of Filing and Immediate

<sup>37</sup> See *id.* at 24771.

<sup>38</sup> 17 CFR 240.10A-3.

charges a fee of \$0.0001 per share in securities priced at or above \$1.00 and no fee in securities priced below \$1.00 for Members' orders that yield Flag RC. The fee for orders that yield Flag RC represents a pass through of the rate that DE Route, the Exchange's affiliated routing broker-dealer, is charged for routing orders that add liquidity to NSX. As of June 1, 2014, the Exchange, via DE Route, will no longer be able to route orders to NSX because it ceased operations, and, therefore, proposes to remove Flag RC from its Fee Schedule.

#### ADV

The Exchange proposes to make a corrective change to the definition of ADV to state that a Member's ADV *does* include shares that are routed to other trading centers. The Exchange determines the liquidity adding rebate that it will provide to Members based on the Exchange's tiered pricing structure based on the calculation of ADV, and/or average daily Total Consolidated Volume.<sup>5</sup> On May 1, 2014, the Exchange harmonized its definition of ADV with that contained in the BATS Exchange, Inc. ("BATS") and BATS-Y Exchange, Inc. ("BYX") fee schedules by amending the definitions of ADV to state that routed shares are not included in ADV calculation.<sup>6</sup>

The Exchange's Fee Schedule currently states that certain routed flags are considered when determining the liquidity adding rebate that the Exchange will provide to Members based on its tiered pricing structure.<sup>7</sup> In harmonizing its definition of ADV with BATS and BYX, the Exchange mistakenly included a provision that excluded routed shares from the definition of ADV, thereby creating a conflict with the above provision in the

Fee Schedule stating that certain routed flags are considered when determining the liquidity adding rebate under its tiered pricing structure. The Exchange now seeks to make a corrective change to the definition of ADV to state that routed orders are included in a Member's ADV calculation. The proposed rule change is designed to resolve a conflict in the Fee Schedule between the definition of ADV and the inclusion of orders that yield certain routed flags when determining the liquidity adding rebate under its tiered pricing structure. The Exchange notes that its proposal conforms to an existing practice and does not modify the fees or rebate that the Exchange has been providing its Members for achieving tier-based pricing.

#### Implementation Date

The Exchange proposes to implement these amendments to its Fee Schedule on June 2, 2014

#### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,<sup>8</sup> in general, and furthers the objectives of Section 6(b)(4),<sup>9</sup> in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities.

#### Flag RC

The Exchange believes that its proposal to delete Flag RC in its Fee Schedule represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities. The proposed change is in response to NSX's announcement that it will cease market operations and its last day of trading will Friday, May 30, 2014.<sup>10</sup> As of June 1, 2014, the Exchange, via DE Route, will no longer be able to route orders to NSX and, therefore, proposes to remove Flag RC from its Fee Schedule. The Exchange believes that the proposed amendment is intended to make the Fee Schedule clearer and less confusing for investors and eliminate potential investor confusion, thereby removing impediments to and perfecting the mechanism of a free and open market and a national market system, and, in

general, protecting investors and the public interest.

#### ADV

The Exchange believes that correcting an inadvertent error in the definition of ADV with regard to routed orders is reasonable because it will increase the level of transparency on the Exchange's Fee Schedule and improve the Exchange's ability to effectively convey the criteria necessary to achieve tier-based pricing and resolve a conflict in the Fee Schedule between the definition of ADV and the inclusion of orders that certain routed flags when determining the liquidity adding rebate under its tiered pricing structure. The Exchange notes that its proposal conforms to an existing practice and does not modify the rebates or fees that the Exchange provides its Members for achieving tier-based pricing. The Exchange has historically in practice and will continue to include routed shares when calculating a Member's ADV by including orders that yield certain routed flags when determining the liquidity adding rebate under its tiered pricing structure. Other than this correction, which resolves a conflict in the Fee Schedule, the remainder of the definition of ADV would remain unchanged. Lastly, the Exchange also believes that these proposed amendments are non-discriminatory because they apply uniformly to all Members.

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

The Exchange believes its proposed amendments to its Fee Schedule would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed change represents a significant departure from previous pricing offered by the Exchange or pricing offered by the Exchange's competitors. Additionally, Members may opt to disfavor EDGA's pricing if they believe that alternatives offer them better value. Accordingly, the Exchange does not believe that the proposed change will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets.

#### Flag RC

The Exchange believes that its proposal to delete Flag RC in its Fee Schedule would not affect intermarket nor intramarket competition because this change is not designed to amend any fee or rebate or alter the manner in which the Exchange assesses fees or

Effectiveness of Proposed Rule Change to Cease Trading on Its Trading System).

<sup>5</sup> As provided in the Fee Schedule, "TCV" is currently defined as the volume reported by all exchanges and trade reporting facilities to the consolidated transaction reporting plans for Tapes A, B and C securities for the month in which the fees are calculated, excluding volume on any day that the Exchange experiences an Exchange System Disruption or the Russell Reconstitution Day.

<sup>6</sup> See Securities Exchange Act Release No. 72002 (April 23, 2014), 79 FR 24028 (April 29, 2014) (SR-EDGX-2014-10). The Exchange also amended the definition of ADV to exclude shares on: (i) Any day that the Exchange's system experiences a disruption that lasts for more than 60 minutes during Regular Trading Hours ("Exchange System Disruption"); and (ii) the last Friday in June (the "Russell Reconstitution Day"). *Id.*

<sup>7</sup> The Exchange's Fee Schedule states that the following routed flags are counted towards tiers: A, C, D, F, G, I, J, K, L, M, O, P, Q, R, S, T, U, X, Z, 2, 7, 8, 9, 10, BY, CL, PX, RA, RB, RC, RM, RR, RS, RT, RW, RX, RY, RZ and SW. See the Exchange's Fee Schedule available at <http://www.directedge.com/Trading/EDGAFeeSchedule.aspx> (dated May 1, 2014).

<sup>8</sup> 15 U.S.C. 78f.

<sup>9</sup> 15 U.S.C. 78f(b)(4).

<sup>10</sup> See Securities Exchange Act Release No. 72107 (May 6, 2014), 79 FR 27017 (May 12, 2014) (SR-NSX-2014-14) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Cease Trading on Its Trading System).

calculates rebates. It is simply proposed in response to NSX announcement that it will cease market operations and its last day of trading will be Friday, May 30, 2014.<sup>11</sup>

#### ADV

The Exchange believes that correcting an inadvertent error in the definition of ADV would not impose a burden on intermarket or intramarket competition because it simply conforms to an existing practice by resolving a conflict in the Fee Schedule and does not modify the rebates or fees that the Exchange provides its Members for achieving tier-based pricing. The Exchange has historically in practice and will continue to include routed shares when calculating a Member's ADV by including orders that yield certain routed flags when determining the liquidity adding rebate under its tiered pricing structure. Other than this correction, the remainder of the definition of ADV would remain unchanged.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from Members or other interested parties.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>12</sup> and Rule 19b-4(f)(2)<sup>13</sup> thereunder. At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

#### **IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act.

Comments may be submitted by any of the following methods:

#### *Electronic Comments*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-EDGA-2014-14 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-EDGA-2014-14. 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-EDGA-2014-14, and should be submitted on or before July 9, 2014.

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

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2014-14231 Filed 6-17-14; 8:45 am]

**BILLING CODE 8011-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-72371; File No. SR-BATS-2014-023]

### **Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Extend the Penny Pilot Program**

June 12, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 4, 2014, BATS Exchange, Inc. (the "Exchange" or "BATS") filed with the Securities and Exchange Commission (the "SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons. The Exchange has designated this proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6)(iii) thereunder,<sup>4</sup> which renders it effective upon filing with the Commission. 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 filed a proposal for the BATS Options Market ("BATS Options") to extend through December 31, 2014, the Penny Pilot Program ("Penny Pilot") in options classes in certain issues ("Pilot Program") previously approved by the Commission.<sup>5</sup>

The text of the proposed rule change is available at the Exchange's Web site at <http://www.batstrading.com>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

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

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

<sup>4</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>5</sup> The rules of BATS Options, including rules applicable to BATS Options' participation in the Penny Pilot, were approved on January 26, 2010. See Securities Exchange Act Release No. 61419 (January 26, 2010), 75 FR 5157 (February 1, 2010) (SR-BATS-2009-031). BATS Options commenced operations on February 26, 2010. The Penny Pilot was extended for BATS Options through June 30, 2014. See Securities Exchange Act Release No. 71082 (December 16, 2013), 78 FR 77177 (December 20, 2013) (SR-BATS-2013-064).

<sup>11</sup> See Securities Exchange Act Release No. 72107 (May 6, 2014), 79 FR 27017 (May 12, 2014) (SR-NSX-2014-14) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Cease Trading on Its Trading System).

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b-4(f)(2).

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