

proposed rule change (File No. SR-ICC-2014-06) be, and hereby is, approved.<sup>17</sup>

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>18</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72433; File No. SR-NYSEArca-2014-69]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Holdings in Equity Securities by the Peritus High Yield ETF

June 19, 2014.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (“Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on June 10, 2014, NYSE Arca, Inc. (“Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (“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.

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

The Exchange proposes to reflect a change to the holdings to be implemented by the Peritus High Yield ETF to achieve its investment objective with respect to holdings in equity securities. The text of the proposed rule change is available on the Exchange’s Web site at [www.nyse.com](http://www.nyse.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 self-regulatory organization included statements concerning the purpose of,

<sup>17</sup> In approving the proposed rule change, the Commission considered the proposal’s impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

<sup>18</sup> 17 CFR 200.30-3(a)(12).

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

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

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

and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those 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 parts of such statements.

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

##### 1. Purpose

The Commission has approved a proposal to list and trade on the Exchange shares (“Shares”) of the Peritus High Yield ETF (“Fund”) under NYSE Arca Equities Rule 8.600,<sup>4</sup> which governs the listing and trading of Managed Fund Shares.<sup>5</sup>

The Shares are offered by AdvisorShares Trust (the “Trust”), a statutory trust organized under the laws of the State of Delaware and registered with the Commission as an open-end management investment company.<sup>6</sup> The Fund’s Shares are currently listed and traded on the Exchange under NYSE Arca Equities Rule 8.600.

The investment adviser to the Fund is AdvisorShares Investments, LLC (the “Adviser”). Peritus I Asset Management, LLC is the Fund’s sub-adviser (“Peritus” or the “Sub-Adviser”).

<sup>4</sup> See Securities Exchange Act Release No. 63329 (November 17, 2010), 75 FR 71760 (November 24, 2010) (SR-NYSEArca-2010-86) (the “Prior Order”). The notice with respect to the Prior Order was published in Securities Exchange Act Release No. 63041 (October 5, 2010), 75 FR 62905 (October 13, 2010) (“Prior Notice” and, together with the Prior Order, the “Prior Release”).

<sup>5</sup> A Managed Fund Share is a security that represents an interest in an investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1) (“1940 Act”) organized as an open-end investment company or similar entity that invests in a portfolio of securities selected by its investment adviser consistent with its investment objectives and policies. In contrast, an open-end investment company that issues Investment Company Units, listed and traded on the Exchange under NYSE Arca Equities Rule 5.2(j)(3), seeks to provide investment results that correspond generally to the price and yield performance of a specific foreign or domestic stock index, fixed income securities index or combination thereof.

<sup>6</sup> The Trust is registered under the 1940 Act. On October 29, 2012, the Trust filed with the Commission an amendment to its registration statement on Form N-1A under the Securities Act of 1933 (15 U.S.C. 77a) and the 1940 Act relating to the Fund (File Nos. 333-157876 and 811-22110) (the “Registration Statement”). The description of the operation of the Trust and the Fund herein is based, in part, on the Registration Statement. In addition, the Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act. See Investment Company Act Release No. 29291 (May 28, 2010) (File No. 812-13677) (“Exemptive Order”).

According to the Registration Statement and as stated in the Prior Release, the Fund’s investment objective is to achieve high current income with a secondary goal of capital appreciation. The Sub-Adviser seeks to achieve the Fund’s investment objective by selecting, among other investments, a focused portfolio of high yield debt securities, which include senior and subordinated corporate debt obligations (such as bonds, debentures, notes and commercial paper). The Fund does not have any portfolio maturity limitation and may invest its assets from time to time primarily in instruments with short-term, medium-term or long-term maturities. The Adviser represents that the investment objective of the Fund is not changing.

The Fund currently is permitted to invest no more than 10% of the Fund’s net assets in equity securities that the Sub-Adviser believes will yield high dividends.<sup>7</sup>

The Exchange proposes to reflect a change to be implemented by the Fund with respect to the holdings in equity securities to increase the percentage of Fund assets that generally may be invested in equity securities to no more than 20% of the Fund’s net assets. Thus, in addition to the investments referenced in the Prior Release and the Leveraged Loan Release, the Fund will seek to invest generally no more than 20% of its net assets in equity securities that the Sub-Adviser believes will yield high dividends.<sup>8</sup> According to the Registration Statement and, as stated in the Equity Investment Release, equity securities in which the Fund may invest will include common stock, preferred stock, warrants, convertible securities, rights, master limited partnerships, depositary receipts (including American Depository Receipts (“ADRs”) and Global Depository Receipts (“GDRs”), together with ADRs, “Depository

<sup>7</sup> See Securities Exchange Act Release No. 66818 (April 17, 2012) [sic], 77 FR 24233 (April 23, 2012) (SR-NYSEArca-2012-33) (notice of filing and immediate effectiveness of proposed rule change relating to the Fund’s investment in equity securities) (“Equity Investment Release”). The Exchange also filed a proposed rule change to reflect a change in the Fund’s holdings to allow investment of up to 20% of the Fund’s net assets in leveraged loans. See Securities Exchange Act Release No. 70284 (August 29, 2013), 78 FR 54715 (September 5, 2013) (SR-NYSEArca-2013-83) (notice of filing and immediate effectiveness of proposed rule change relating to Fund investments in leveraged loans) (“Leveraged Loan Release” and, together with the Prior Release and the Equity Investment Release, the “Prior Releases”).

<sup>8</sup> The change to the Fund’s holdings to include equity securities will be effective upon filing with the Commission of an amendment to the Trust’s Registration Statement on Form N-1A, and shareholders will be notified of such change by means of such amendment.

Receipts’’),<sup>9</sup> and real estate investment trusts. Depositary Receipts held by the Fund may be sponsored or unsponsored, provided that no more than 10% of the Fund’s net assets will be invested in unsponsored Depositary Receipts. With the exception of unsponsored Depositary Receipts, all equity securities held by the Fund will be listed and traded on U.S national securities exchanges, all of which are members of the Intermarket Surveillance Group (“ISG”).

Pursuant to the terms of the Exemptive Order, the Fund will not invest in options contracts, futures contracts or swap agreements. The Fund’s investments will be consistent with its investment objective and will not be used to enhance leverage.

As stated in the Prior Release, on each business day, before commencement of trading in Shares in the Core Trading Session on the Exchange, the Fund discloses on its Web site the Disclosed Portfolio, which will include information relating to equity securities, among other investments, that will form the basis for the Fund’s calculation of net asset value (“NAV”) at the end of the business day. For purposes of calculating NAV, unsponsored Depositary Receipts are valued on the basis of the market closing price on the exchange where the stock of the foreign issuer that underlies such unsponsored Depositary Receipts is listed. The intraday, closing and settlement prices for exchange-listed equity securities held by the Fund, including exchange-listed Depositary Receipts are also readily available from the national securities exchanges trading such securities. Pricing information for unsponsored Depositary Receipts is available from automated quotation systems, published or other public sources, or on-line information services. All representations made in the Prior Release regarding the availability of information relating to the Shares, trading halts, trading rules, the Portfolio Indicative Value and surveillance, among others, will continue to apply to trading in the Shares.

The Exchange has in place surveillance procedures that are adequate to properly monitor trading in

the Shares in all trading sessions and to deter and detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange. The Exchange may obtain information via the ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement. No more than 10% of the Fund’s net assets will be invested in unsponsored Depositary Receipts. With the exception of unsponsored Depositary Receipts, all equity securities held by the Fund will be listed and traded on U.S national securities exchanges.

The Adviser represents that the proposed change to permit an increased investment in equity securities, as described above, is consistent with the Fund’s investment objective, and will further assist the Adviser and Sub-Adviser to achieve such investment objective. Specifically, by investing an increased portion of the Fund’s net assets in equity securities, the Fund will have additional flexibility to achieve high current income through investments in dividend-paying equity securities, and to achieve the secondary goal of capital appreciation through possible price appreciation of such equity investments. Except for the change noted above, all other representations made in the Prior Releases remain unchanged.<sup>10</sup> The Fund will continue to comply with all initial and continued listing requirements under NYSE Arca Equities Rule 8.600.

## 2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)<sup>11</sup> that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Equities Rule 8.600. The Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Shares in all trading sessions and to

deter and detect violations of Exchange rules and applicable federal securities laws. The Exchange may obtain information via the ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement. No more than 10% of the Fund’s net assets will be invested in unsponsored Depositary Receipts. With the exception of unsponsored Depositary Receipts, all equity securities held by the Fund will be listed and traded on U.S national securities exchanges.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that the NAV per Share is calculated daily and that the NAV and the Disclosed Portfolio is made available to all market participants at the same time. In addition, a large amount of information is publicly available regarding the Fund and the Shares, thereby promoting market transparency. The Portfolio Indicative Value, as defined in NYSE Arca Equities Rule 8.600(c)(3), is disseminated by one or more major market data vendors at least every 15 seconds during the Exchange’s Core Trading Session. On each business day, before commencement of trading in Shares in the Core Trading Session on the Exchange, the Fund discloses on its Web site the Disclosed Portfolio that will form the basis for the Fund’s calculation of NAV at the end of the business day. Information regarding market price and trading volume of the Shares is and will be continually available on a real-time basis throughout the day on brokers’ computer screens and other electronic services, and quotation and last sale information is available via the Consolidated Tape Association high-speed line. The intraday, closing and settlement prices for exchange-listed equity securities held by the Fund, including exchange-listed Depositary Receipts are also readily available from the national securities exchanges trading such securities.

Pricing information for unsponsored Depositary Receipts is available from automated quotation systems, published or other public sources, or on-line information services. Trading in Shares of the Fund will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. Trading in the Shares is subject to NYSE Arca Equities Rule 8.600(d)(2)(D), which sets forth

<sup>9</sup> According to the Registration Statement, ADRs and GDRs are certificates evidencing ownership of shares of a foreign issuer. These certificates are issued by depositary banks and generally trade on an established market in the United States or elsewhere. The underlying shares are held in trust by a custodian bank or similar financial institution in the issuer’s home country. The depositary bank may not have physical custody of the underlying securities at all times and may charge fees for various services, including forwarding dividends and interest and corporate actions.

<sup>10</sup> See notes 4 and 7, *supra*. All terms referenced but not defined herein are defined in the Prior Release.

<sup>11</sup> 15 U.S.C. 78f(b)(5).

circumstances under which Shares of the Fund may be halted. The Web site for the Fund includes a form of the prospectus for the Fund and additional data relating to NAV and other applicable quantitative information. In addition, as stated in the Prior Notice, investors have ready access to information regarding the Fund's holdings, the Portfolio Indicative Value, the Disclosed Portfolio, and quotation and last sale information for the Shares.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest. As noted above, the Exchange has in place surveillance procedures relating to trading in the Shares and may obtain information via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement. In addition, as stated in the Prior Release, investors have ready access to information regarding the Fund's holdings, the Portfolio Indicative Value, the Disclosed Portfolio, and quotation and last sale information for the Shares.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Act. The Exchange believes the proposed rule change, in permitting the Fund utilize a higher percentage of U.S. exchange-listed equity securities as part of its portfolio to achieve its investment objective, will enhance competition among issues of Managed Fund Shares that invest in fixed income and equity securities.

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

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

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become

effective pursuant to Section 19(b)(3)(A) of the Act<sup>12</sup> and Rule 19b-4(f)(6)(iii) thereunder.<sup>13</sup>

At any time within 60 days of the filing of the 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-NYSEArca-2014-69 on the subject line.

#### *Paper Comments*

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSEArca-2014-69. 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.,

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

<sup>13</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing will also 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-NYSEArca-2014-69 and should be submitted on or before July 16, 2014.

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

**Kevin M. O'Neill,**

*Deputy Secretary.*

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### **SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-72432; File No. SR-DTC-2014-08]**

### **Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Proposed Rule Change To Transfer the NIIDS Service to a Non-Clearing Agency Affiliate**

June 19, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 5, 2014, The Depository Trust Company ("DTC") 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 primarily by DTC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

### **I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change**

The proposed rule change consists of amendments to DTC's Operational Arrangements ("Operational Arrangements") pursuant to which DTC will transfer its New Issue Information Dissemination System ("NIIDS") service to a non-clearing agency affiliate of DTC.<sup>3</sup>

<sup>1</sup> 17 CFR 200.30-3(a)(12).

<sup>2</sup> 15 U.S.C. 78s(b)(1).

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

<sup>3</sup> As more fully described in this proposed rule change, NIIDS is an information service only and does not relate to the performance of a clearing or settlement function.