

Number SR-CME-2014-24 and should be submitted on or before July 30, 2014.

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

Jill M. Peterson,

Assistant Secretary.

[FR Doc. 2014-16045 Filed 7-8-14; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72526; File No. SR-NYSEArca-2014-67]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change, as Modified by Amendment No. 1, Relating to the Listing and Trading of WBI SMID Tactical Growth Shares; WBI SMID Tactical Value Shares; WBI SMID Tactical Yield Shares; WBI SMID Tactical Select Shares; WBI Large Cap Tactical Growth Shares; WBI Large Cap Tactical Value Shares; WBI Large Cap Tactical Yield Shares; WBI Large Cap Tactical Select Shares; WBI Tactical Income Shares; and WBI Tactical High Income Shares under NYSE Arca Equities Rule 8.600

July 2, 2014.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the “Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that, on June 20, 2014, NYSE Arca, Inc. (the “Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. On July 1, 2014, the Exchange filed Amendment No. 1 to the proposed rule change.⁴ The Commission is publishing this notice, as modified by Amendment No. 1, 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 list and trade shares of the following under NYSE Arca Equities Rule 8.600 (“Managed Fund Shares”): WBI SMID Tactical Growth Shares; WBI SMID Tactical Value Shares; WBI SMID Tactical Yield Shares; WBI SMID Tactical Select Shares; WBI Large Cap Tactical Growth Shares; WBI Large Cap Tactical Value Shares; WBI Large Cap Tactical Yield Shares; WBI Large Cap Tactical Select Shares; WBI Tactical Income Shares; and WBI Tactical High Income Shares. The text of the proposed rule change is available on the Exchange’s Web site at 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, 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to list and trade shares (“Shares”) of the following under NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares⁵ on the Exchange: WBI SMID Tactical Growth Shares; WBI SMID Tactical Value Shares; WBI SMID Tactical Yield Shares; WBI SMID Tactical Select

Shares; WBI Large Cap Tactical Growth Shares; WBI Large Cap Tactical Value Shares; WBI Large Cap Tactical Yield Shares; WBI Large Cap Tactical Select Shares; WBI Tactical Income Shares; and WBI Tactical High Income Shares (each, a “Fund” and, collectively, the “Funds”). The Shares will be offered by Absolute Shares Trust (the “Trust”),⁶ a statutory trust organized under the laws of the State of Delaware and registered with the Commission as an open-end management investment company.⁷ Millington Securities, Inc. will be the investment adviser for each Fund (the “Adviser”) and WBI Investments, Inc. will be the sub-adviser to each Fund (the “Sub-Adviser”).⁸ U.S. Bank,

⁶ The Trust is registered under the 1940 Act. On February 28, 2014, the Trust filed with the Commission an amended registration statement on Form N-1A relating to the Funds (File Nos. 333-192733 and 811-22917) (the “Registration Statement”). The description of the operation of the Trust and the Funds herein is based, in part, on the Registration Statement. In addition, the Commission has issued an order granting certain exemptive relief to the Adviser and the actively managed exchange-traded trusts it advises, including the Trust, under the 1940 Act. See Investment Company Act Release No. 30543 (May 29, 2013) (File No. 812-13886) (the “Exemptive Order”).

⁷ The Commission has previously approved the listing and trading on the Exchange of other of actively managed funds under Rule 8.600. See, e.g., Securities Exchange Act Release Nos. 60717 (September 24, 2009), 74 FR 50853 (October 1, 2009) (SR-NYSEArca-2009-74) (order approving listing of Four Grail Advisors RP Exchange-Traded Funds) and 67320 (June 29, 2012), 77 FR 39763 (July 5, 2012) (SR-NYSEArca-2012-44) (order approving listing of the iShares Strategic Beta U.S. Large Cap Fund and iShares Strategic Beta U.S. Small Cap Fund).

⁸ An investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 (the “Advisers Act”). The Adviser is wholly owned by WBI Trading Company, Inc., and the Sub-Adviser is an affiliate of WBI Trading Company. The Adviser and the Sub-Adviser are each registered as an investment adviser under the Advisers Act. As a result, the Adviser, the Sub-Adviser and their related personnel are subject to the provisions of Rule 204A-1 under the Advisers Act relating to 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, the Adviser, the Sub-Adviser, and their related personnel are subject to the provisions of Rule 206(4)-7 under the Advisers Act, which 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 thereunder; (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

Continued

¹⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

⁴ In Amendment No. 1, the Exchange makes the following clarifications: That (1) the WBI SMID Tactical Growth Shares ETF may invest in debt-based exchange-traded notes; (2) “Options Strategies” include the use of options that overlie: exchange-listed equity indices; and futures on debt, interest rates, and currencies; and (3) “Financial Instruments” include forward contracts on currencies.

⁵ 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), as amended (“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.

National Association (“Administrator”) will be the administrator, custodian, transfer agent and securities lending agent for each Fund. Foreside Fund Services, LLC (“Distributor”) will be the distributor for each Fund.

Commentary .06 to Rule 8.600 provides that, if the investment adviser to the investment company issuing Managed Fund Shares is affiliated with a broker-dealer, such investment adviser shall erect a “fire wall” between the investment adviser and the broker-dealer with respect to access to information concerning the composition and/or changes to such investment company portfolio. In addition, Commentary .06 further requires that personnel who make decisions on the open-end fund’s portfolio composition must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the open-end fund’s portfolio. Commentary .06 to Rule 8.600 is similar to Commentary .03(a)(i) and (iii) to NYSE Arca Equities Rule 5.2(j)(3); however, Commentary .06 in connection with the establishment of a “fire wall” between the investment adviser and the broker-dealer reflects the applicable open-end fund’s portfolio, not an underlying benchmark index, as is the case with index-based funds.

The Adviser is a registered broker-dealer and is affiliated with a broker-dealer. The Sub-Adviser is also affiliated with a broker-dealer. In such capacity, the Adviser and Sub-Adviser will implement a firewall with respect to its relevant personnel and its broker-dealer affiliates regarding access to information concerning the composition and/or changes to a portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio. In the future, should (a) the Adviser and/or Sub-Adviser become newly affiliated with another 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 firewall with respect to such relevant personnel and/or its broker-dealer affiliate regarding access to information concerning the composition and/or changes to a portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio.

(who is a supervised person) responsible for administering the policies and procedures adopted under subparagraph (i) above.

Common Fund Strategy and Characteristics

Each Fund will be an actively-managed exchange-traded fund (“ETF”) and will not seek to replicate the performance of a specified index.

According to the Registration Statement, the Sub-Adviser will manage each Fund’s portfolio based on a proprietary selection process as described below (the “Selection Process”). The Selection Process will attempt to provide consistent, attractive returns net of expenses with potentially less volatility and risk to capital than traditional approaches, whatever market conditions may be. Each Fund will define an absolute return approach to investment management in this way. The Selection Process will include a buy discipline and a sell discipline as described below.

The Sub-Adviser will use quantitative computer screening of fundamental stock information to evaluate domestic and foreign small-capitalization and mid-capitalization equity securities in an attempt to find companies with attractive characteristics worldwide. Dividend payments may be considered as part of the evaluation process.

Once securities are identified, the Sub-Adviser will utilize an overlay of technical analysis to confirm timeliness of security purchases. The Sub-Adviser will then add qualifying securities using available cash within the parameters of a Fund’s target allocations. In addition, the Sub-Adviser will use a proprietary bond model to assess the appropriate duration of any exposure to debt securities. Duration is a measure of a fixed income security’s expected price sensitivity to changes in interest rates. Securities with longer durations are expected to experience greater price movements than securities with shorter durations for the same change in prevailing interest rates. A portion of a Fund’s bond exposure may also be invested to pursue perceived opportunities in varying segments of the debt market. This systematic process of identifying, evaluating, and purchasing securities will constitute the Sub-Adviser’s buy discipline for each Fund.

According to the Registration Statement, once securities are purchased, the Sub-Adviser will maintain a strict sell discipline that attempts to control the effects of the volatility of each invested position on a Fund’s value. If the security’s price stays within this range of acceptable prices, the security will remain in a Fund. If the security’s price falls below the bottom of this acceptable price range, the security will be sold. This

will result in a responsive process that actively adjusts a Fund’s allocation by causing it to become more fully invested or by raising cash to protect capital. During periods of high market volatility a significant amount of Fund holdings may be sold, resulting in a large allocation to cash in a Fund. The Selection Process will be run daily and cash will remain in the portfolio until a cash equivalent or a new security is purchased.

According to the Registration Statement, each Fund will be, under normal market conditions,⁹ investing at least 80% of its net assets in securities according to its individual principal investment strategies as described below with respect to each Fund.

However, each Fund may temporarily depart from its principal investment strategy by making short-term investments in cash, cash equivalents, high-quality short-term debt securities, and money market instruments for temporary defensive purposes in response to adverse market, economic or political conditions. According to the Registration Statement, each Fund may acquire the following short-term investments: (1) Certificates of deposit issued by commercial banks as well as savings banks or savings and loan associations; (2) bankers’ acceptances; (3) time deposits; and (4) commercial paper and short term notes rated at the time of purchase “A–2” or higher by Standard & Poor’s®, “Prime-1” by Moody’s® Investors Service, Inc., or similarly rated by another nationally recognized statistical rating organization or, if unrated, will be determined by the Sub-Adviser to be of comparable quality, as well as U.S. Government obligations.

According to the Registration Statement, certain Funds may use American depositary receipts (“ADR”), European depositary receipts (“EDR”) and Global depositary receipts (“GDR”) (collectively, “Depositary Receipts”) when, in the discretion of the Sub-Adviser, the use of such securities is warranted for liquidity, pricing, timing or other reasons. No Fund will invest more than 10% of its net assets in unsponsored Depositary Receipts.

⁹ The term “under normal market conditions” or “under normal circumstances” includes, but is not limited to, the absence of adverse market, economic, political or other conditions, including extreme volatility or trading halts in the fixed income markets or the financial markets generally; operational issues causing dissemination of inaccurate market information; or force majeure type events such as systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.

According to the Registration Statement, each Fund that invests primarily in equities as described further below may also invest up to 20% of its principal investment assets in high-yield bonds (also known as “junk bonds”).

Individual Fund Investments

WBI SMID Tactical Growth Shares

According to the Registration Statement, the WBI SMID Tactical Growth Shares will seek long-term capital appreciation and the potential for current income, while also seeking to protect principal during unfavorable market conditions.

Principal Investments

According to the Registration Statement, under normal market conditions, the Fund will invest at least 80% of its net assets in the exchange-listed equity securities of small-capitalization and mid-capitalization¹⁰ domestic and foreign¹¹ companies selected on the basis of the Selection Process.

The types of equity securities in which the Fund will invest are common stocks, preferred stocks, rights, warrants, convertibles, master limited partnerships (exchange-traded businesses organized as partnerships (“MLPs”)), and exchange-traded real estate investment trusts (“REITs”). The Fund may invest up to 50% of the Fund’s principal investments in the securities of issuers in emerging markets, which could consist of Depositary Receipts, dollar

¹⁰ According to the Registration Statement, the Sub-Adviser considers small-capitalization and mid-capitalization companies those that are not in the top ten percent of the securities in their primary market when ranked in order of market capital. For publicly traded U.S. companies in the current environment, this would include companies with market capitalizations of less than approximately \$17 billion. Companies below the ten percent threshold for small and mid-sized companies in non-U.S. markets may have capitalizations that differ from this U.S. Dollar equivalent amount because of the wide range of market capitalizations of companies available for investment in those markets.

¹¹ The Adviser has represented that each Fund will generally invest in equity securities that trade in markets that are members of the Intermarket Surveillance Group (“ISG”) or are parties to a comprehensive surveillance sharing agreement with the Exchange. For each Fund, not more than 10% of the net assets invested in exchange-traded equity securities shall consist of equity securities whose principal market is not a member of ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement. Furthermore, for each Fund not more than 10% of the net assets invested in futures contracts or options contracts shall consist of futures contracts or options contracts whose principal market is not a member of ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement.

denominated foreign securities and foreign equity securities. The Fund’s principal investments may also consist of ETFs¹² that invest predominantly in small-capitalization and mid-capitalization equity securities and will be considered small-capitalization and mid-capitalization equity securities for purposes of the Fund’s equity allocation target.

Non-Principal Investments

While the Fund, under normal circumstances, will invest at least 80% of its net assets in its investments as described above, the Fund may directly invest in certain other investments, as described below. According to the Registration Statement, the Fund may invest up to 20% of the Fund’s net assets in large-capitalization equities,¹³ domestic and foreign debt securities (including junk bonds), ETFs (other than ETFs noted in the Principal Investment section for the Fund, above, that invest predominantly in small-capitalization and mid-capitalization equity securities), and/or in “Option [sic] Strategies” (as defined below) to enhance the Fund’s returns or to mitigate risk and volatility.

The Fund may invest in the following types of debt securities: Fixed, floating and variable corporate debt securities, U.S. Government securities, debt securities of foreign issuers, sovereign debt securities, U.S. government agency securities, and high-yield bonds. The Fund may also invest in agency and non-agency residential mortgage-backed securities (“RMBS”) and asset-backed securities.¹⁴ The Fund may also invest in debt-based exchange-traded notes (“ETNs”).¹⁵ The Fund expects to invest

¹² For purposes of this filing, ETFs include Investment Company Units (as described in NYSE Arca Equities Rule 5.2(j)(3)); Portfolio Depositary Receipts (as described in NYSE Arca Equities Rule 8.100); and Managed Fund Shares (as described in NYSE Arca Equities Rule 8.600). The ETFs all will be listed and traded in the U.S. on registered exchanges. The ETFs in which a Fund may invest will primarily be index-based exchange-traded funds that hold substantially all of their assets in securities representing a specific index. While each Fund may invest in inverse ETFs, a Fund will not invest in leveraged (e.g., 2X, -2X, 3X or -3X) ETFs.

¹³ According to the Registration Statement, large capitalization companies are those that are in the top ten percent of the securities in their primary market when ranked in order of market capital.

¹⁴ “Non-agency” securities are financial instruments that have been issued by an entity that is not a government-sponsored agency, such as the Federal National Mortgage Association (“Fannie Mae”), Federal Home Loan Mortgage Corporation (“Freddie Mac”), Federal Home Loan Banks, or the Government National Mortgage Association (“Ginnie Mae”).

¹⁵ See Amendment No. 1, *supra* note 4. ETNs are debt obligations of investment banks which are traded on exchanges and the returns of which are linked to the performance of market indexes and

in debt securities of all maturities, from less than one year up to thirty years, depending on the portfolio manager’s assessment of the risks and opportunities along the yield curve. According to the Registration Statement, the yield curve refers to the differences in yield among debt assets of varying maturities.

In addition, the Fund may utilize equity options for individual securities including writing (selling) covered calls, buying puts, using combinations of calls and puts, using combinations of calls and combinations of puts, and entering into cap and floor agreements.¹⁶ The Fund may also use options overlying: Exchange listed equity indices; and futures on debt, interest rates, and currencies.¹⁷ Options may be both exchange-traded and over-the-counter (“OTC”) options (collectively, the “Options Strategies”).

The Fund may also enter into the following types of financial instruments: futures overlying equity indexes, interest rates, debt instruments, and currencies; government debt repurchase agreements; depository receipt conversion swaps¹⁸ into and out of the underlying stock; and forward contracts on currencies (collectively, the “Financial Instruments”).¹⁹ Cash balances arising from the use of Financial Instruments typically will be held in money market instruments.

include securities listed and traded on the Exchange under NYSE Arca Equities Rule 5.2(j)(6) (“Index-Linked Securities”). In addition to trading ETNs on exchanges, investors may redeem ETNs directly with the issuer on a weekly basis, typically in a minimum amount of 50,000 units, or hold the ETNs until maturity.

¹⁶ Caps and floors are put and call options on futures associated with interest rates used to help manage interest rate risk by establishing an upper (“cap”) and a lower (“floor”) hedge. A cap, also called a ceiling, is a call option on an interest rate. An interest rate cap is a series of component options, or “caplets”, for each period the cap exists. A caplet is designed to provide a hedge against a rise in the benchmark interest rate, such as the London Interbank Offered Rate (LIBOR), for a stated period. A floor is the mirror image of the cap. The interest rate floor, like the cap, consists of a series of component options, except that they are put options and the series components are referred to as “floorlets.”

¹⁷ See Amendment No. 1, *supra* note 4.

¹⁸ A depository receipt conversion swap is used to move Fund holdings between foreign ordinaries and listed depository receipts using a receipt agent. The swap is achieved by purchasing ADRs, EDRs or GDRs or by purchasing the underlying domestic shares of the company on the primary exchange and then swapping them for the relevant depository receipt. The conversion occurs when the depository receipt agent takes the depository receipt and submits the receipt for conversion to the trust bank for a fee, and takes delivery of the foreign ordinaries.

¹⁹ See Amendment No. 1, *supra* note 4.

WBI SMID Tactical Value Shares

According to the Registration Statement, the WBI SMID Tactical Value Shares will seek long-term capital appreciation and the potential for current income, while also seeking to protect principal during unfavorable market conditions.

Principal Investments

According to the Registration Statement, under normal market conditions, the Fund will invest at least 80% of its net assets in the exchange-listed equity securities of small-capitalization and mid-capitalization domestic and foreign companies selected by the Sub-Adviser utilizing the Selection Process.

The types of equity securities in which the Fund will invest are common stocks, preferred stocks, rights, warrants, convertibles, MLPs, and REITs. The Fund may invest up to 50% of the Fund's principal investments in the securities of issuers in emerging markets, which could consist of Depositary Receipts, dollar denominated foreign securities and foreign equity securities. The Fund's principal investments may also consist of ETFs that invest predominantly in small-capitalization and mid-capitalization equity securities and will be considered small-capitalization and mid-capitalization equity securities for purposes of the Fund's equity allocation target.

Non-Principal Investments

While the Fund, under normal circumstances, will invest at least 80% of its net assets in its investments as described above, the Fund may directly invest in certain other investments, as described below. According to the Registration Statement, the Fund may invest up to 20% of its net assets in large-capitalization equities, domestic and foreign debt securities (including junk bonds), ETFs (other than ETFs noted in the Principal Investments section for the Fund, above, that invest predominantly in small-capitalization and mid-capitalization equity securities), and/or in Option [sic] Strategies to enhance the Fund's returns or to mitigate risk and volatility. The Fund may also use Financial Instruments. Cash balances arising from the use of Financial Instruments typically will be held in money market instruments.

The types of debt securities in which the Fund will invest are fixed, floating and variable corporate debt securities, U.S. Government securities, debt securities of foreign issuers, sovereign

debt securities, U.S. government agency securities, and high-yield bonds. The Fund may also invest in debt-based ETNs. The Fund expects to invest in debt securities of all maturities, from less than one year up to thirty years, depending on the portfolio manager's assessment of the risks and opportunities along the yield curve.

WBI SMID Tactical Yield Shares

According to the Registration Statement, the WBI SMID Tactical Yield Share will seek long-term capital appreciation and the potential for current income, while also seeking to protect principal during unfavorable market conditions.

Principal Investments

Under normal market conditions, the Fund will invest at least 80% of its net assets in the exchange-listed dividend-paying equity securities of small-capitalization and mid-capitalization domestic and foreign companies selected by the Sub-Adviser utilizing the Selection Process.

The types of equity securities in which the Fund will invest are common stocks, preferred stocks, rights, warrants, convertibles, MLPs, and REITs.

The Fund may invest up to 50% of the Fund's principal investments in the securities of issuers in emerging markets, which could consist of Depositary Receipts, dollar denominated foreign securities and foreign equity securities. The Fund's principal investments may also consist of ETFs that invest predominantly in small-capitalization and mid-capitalization equity securities and will be considered small-capitalization and mid-capitalization equity securities for purposes of the Fund's equity allocation target.

Non-Principal Investments

While the Fund, under normal circumstances, will invest at least 80% of its net assets in its investments as described above, the Fund may directly invest in certain other investments, as described below. According to the Registration Statement, the Fund may invest up to 20% of the Fund's net assets in large-capitalization equities, domestic and foreign debt securities, high-yield bonds and/or in Option [sic] Strategies and Financial Instruments. Cash balances arising from the use of Financial Instruments typically will be held in money market instruments.

The types of debt securities in which the Fund will invest are fixed, floating and variable corporate debt securities, U.S. Government securities, debt

securities of foreign issuers, sovereign debt securities, U.S. government agency securities, and high-yield bonds. The Fund may also invest in debt-based ETNs and ETFs. The Fund expects to invest in debt securities of all maturities, from less than one year up to thirty years, depending on the portfolio manager's assessment of the risks and opportunities along the yield curve.

WBI SMID Tactical Select Shares

According to the Registration Statement, the WBI SMID Tactical Select Shares will seek long-term capital appreciation and the potential for current income, while also seeking to protect principal during unfavorable market conditions.

Principal Investments

Under normal market conditions, the Fund will invest at least 80% of its net assets in the exchange-listed equity securities of small-capitalization and mid-capitalization domestic and foreign companies selected by the Sub-Adviser utilizing the Selection Process.

The types of equity securities in which the Fund will invest are common stocks, preferred stocks, rights, warrants, convertibles, MLPs, and REITs.

The Fund may invest up to 50% of the Fund's principal investments in the securities of issuers in emerging markets, which could consist of Depositary Receipts, dollar denominated foreign securities and foreign equity securities. The Fund may also invest up to 20% of the Fund's principal investments in junk bonds. The Fund's principal investments may also consist of ETFs that invest predominantly in small-capitalization and mid-capitalization equity securities and will be considered small-capitalization and mid-capitalization equity securities for purposes of the Fund's equity allocation target.

Non-Principal Investments

While the Fund, under normal circumstances, will invest at least 80% of its net assets in its investments as described above, the Fund may directly invest in certain other investments, as described below. According to the Registration Statement, the Fund may invest up to 20% of the Fund's net assets in large-capitalization equities, domestic and foreign debt securities, high-yield bonds and/or in Option [sic] Strategies and Financial Instruments. Cash balances arising from the use of Financial Instruments typically will be held in money market instruments.

The types of debt securities in which the Fund will invest are fixed, floating and variable corporate debt securities, U.S. Government securities, debt securities of foreign issuers, sovereign debt securities, U.S. government agency securities, and high-yield bonds. The Fund may also invest in debt-based ETNs and ETFs. The Fund expects to invest in debt securities of all maturities, from less than one year up to thirty years, depending on the portfolio manager's assessment of the risks and opportunities along the yield curve.

WBI Large Cap Tactical Growth Shares

According to the Registration Statement, the WBI Large Cap Tactical Growth Shares objectives are to seek long-term capital appreciation and the potential for current income, while also seeking to protect principal during unfavorable market conditions.

Principal Investments

Under normal market conditions, the Fund will invest at least 80% of its net assets in the exchange-listed equity securities of large capitalization domestic and foreign companies selected by the Sub-Adviser utilizing the Selection Process.

The types of equity securities in which the Fund will invest are common stocks, preferred stocks, rights, warrants, convertibles, MLPs, and REITs.

The Fund may invest up to 50% of the Fund's principal investments in the securities of issuers in emerging markets, which could consist of Depositary Receipts, dollar denominated foreign securities and foreign equity securities. The Fund's principal investments may also consist of ETFs that invest predominantly in small-capitalization and mid-capitalization equity securities and will be considered small-capitalization and mid-capitalization equity securities for purposes of the Fund's equity allocation target.

Non-Principal Investments

While the Fund, under normal circumstances, will invest at least 80% of its net assets in its investments as described above, the Fund may directly invest in certain other investments, as described below. According to the Registration Statement, up to 20% of the Fund's net assets may be invested in small-capitalization and mid-capitalization equities, domestic and foreign debt securities, and high-yield bonds and/or in Option [sic] Strategies and Financial Instruments. Cash balances arising from the use of

Financial Instruments typically will be held in money market instruments.

The types of debt securities in which the Fund will invest are fixed, floating and variable corporate debt securities, U.S. Government securities, debt securities of foreign issuers, sovereign debt securities, U.S. government agency securities, and high-yield bonds. The Fund may also invest in debt-based ETNs and ETFs. The Fund expects to invest in debt securities of all maturities, from less than one year up to thirty years, depending on the portfolio manager's assessment of the risks and opportunities along the yield curve.

WBI Large Cap Tactical Value Shares

According to the Registration Statement, the WBI Large Cap Tactical Value Shares objectives are to seek long-term capital appreciation and the potential for current income, while also seeking to protect principal during unfavorable market conditions.

Principal Investments

Under normal market conditions, the Fund will invest at least 80% of its net assets in the exchange-listed equity securities of large capitalization domestic and foreign companies selected by the Sub-Adviser utilizing the Selection Process.

The types of equity securities in which the Fund will invest are common stocks, preferred stocks, rights, warrants, convertibles, MLPs, and REITs.

The Fund may invest up to 50% of the Fund's principal investments in the securities of issuers in emerging markets, which could consist of Depositary Receipts, dollar denominated foreign securities and foreign equity securities. The Fund may also invest up to 20% of the Fund's principal investments in junk bonds. The Fund's principal investments may also consist of ETFs that invest predominantly in small-capitalization and mid-capitalization equity securities and will be considered small-capitalization and mid-capitalization equity securities for purposes of the Fund's equity allocation target.

Non-Principal Investments

While the Fund, under normal circumstances, will invest at least 80% of its net assets in its investments as described above, the Fund may directly invest in certain other investments, as described below. According to the Registration Statement, up to 20% of the Fund's net assets may be invested in small-capitalization and mid-capitalization equities, domestic and

foreign debt securities, and high-yield bonds and/or in Option [sic] Strategies and Financial Instruments. Cash balances arising from the use of Financial Instruments typically will be held in money market instruments.

The types of debt securities in which the Fund will invest are fixed, floating and variable corporate debt securities, U.S. Government securities, debt securities of foreign issuers, sovereign debt securities, U.S. government agency securities, and high-yield bonds. The Fund may also invest in debt-based ETNs and ETFs. The Fund expects to invest in debt securities of all maturities, from less than one year up to thirty years, depending on the portfolio manager's assessment of the risks and opportunities along the yield curve.

WBI Large Cap Tactical Yield Shares

According to the Registration Statement, the WBI Large Cap Tactical Yield Shares will seek long-term capital appreciation and the potential for current income, while also seeking to protect principal during unfavorable market conditions.

Principal Investments

Under normal market conditions, the Fund will invest at least 80% of its net assets in the exchange-listed dividend-paying equity securities of large capitalization domestic and foreign companies selected by the Sub-Adviser utilizing the Selection Process.

The types of equity securities in which the Fund will invest are common stocks, preferred stocks, rights, warrants, convertibles, MLPs, and REITs.

The Fund may invest up to 50% of the Fund's principal investments in the securities of issuers in emerging markets, which could consist of Depositary Receipts, dollar denominated foreign securities and foreign equity securities. The Fund may also invest up to 20% of the Fund's principal investments in high-yield bonds. The Fund's principal investments may also consist of ETFs that invest predominantly in small-capitalization and mid-capitalization equity securities and will be considered small-capitalization and mid-capitalization equity securities for purposes of the Fund's equity allocation target.

Non-Principal Investments

While the Fund, under normal circumstances, will invest at least 80% of its net assets in its investments as described above, the Fund may directly invest in certain other investments, as

described below. According to the Registration Statement, up to 20% of the Fund's net assets may be invested in small-capitalization and mid-capitalization equities, domestic and foreign debt securities, high-yield bonds and/or in Option [sic] Strategies and Financial Instruments. Cash balances arising from the use of Financial Instruments typically will be held in money market instruments.

The types of debt securities in which the Fund will invest are fixed, floating and variable corporate debt securities, U.S. Government securities, debt securities of foreign issuers, sovereign debt securities, U.S. government agency securities, and high-yield bonds. The Fund may also invest in debt-based ETNs and ETFs. The Fund expects to invest in debt securities of all maturities, from less than one year up to thirty years, depending on the portfolio manager's assessment of the risks and opportunities along the yield curve.

WBI Large Cap Tactical Select Shares

According to the Registration Statement, the WBI Large Cap Tactical Select Shares objectives are to seek long-term capital appreciation and the potential for current income, while also seeking to protect principal during unfavorable market conditions.

Principal Investments

Under normal market conditions, the Fund will invest at least 80% of its net assets in the exchange-listed equity securities of large capitalization domestic and foreign companies selected by the Sub-Adviser utilizing the Selection Process.

The types of equity securities in which the Fund will invest are common stocks, preferred stocks, rights, warrants, convertibles, MLPs, and REITs.

The Fund may invest up to 50% of the Fund's principal investments in the securities of issuers in emerging markets, which could consist of Depositary Receipts, dollar denominated foreign securities and foreign equity securities. The Fund may also invest up to 20% of the Fund's principal investments in junk bonds. The Fund's principal investments may also consist of ETFs that invest predominantly in small-capitalization and mid-capitalization equity securities and will be considered small-capitalization and mid-capitalization equity securities for purposes of the Fund's equity allocation target.

Non-Principal Investments

While the Fund, under normal circumstances, will invest at least 80% of its net assets in its investments as described above, the Fund may directly invest in certain other investments, as described below. According to the Registration Statement, up to 20% of the Fund's net assets may be invested in small-capitalization and mid-capitalization equities, domestic and foreign debt securities, and high-yield bonds and/or in Option [sic] Strategies and Financial Instruments. Cash balances arising from the use of Financial Instruments typically will be held in money market instruments.

The types of debt securities in which the Fund will invest are fixed, floating and variable corporate debt securities, U.S. Government securities, debt securities of foreign issuers, sovereign debt securities, U.S. government agency securities, and high-yield bonds. The Fund may also invest in debt-based ETNs and ETFs. The Fund expects to invest in debt securities of all maturities, from less than one year up to thirty years, depending on the portfolio manager's assessment of the risks and opportunities along the yield curve.

WBI Tactical Income Shares

According to the Registration Statement, the WBI Tactical Income Shares objectives are to seek current income with the potential for long-term capital appreciation, while also seeking to protect principal during unfavorable market conditions.

Principal Investments

Under normal market conditions, the Fund will invest at least 80% of its net assets in income producing debt and exchange listed equity securities of foreign and domestic issuers, including the securities of foreign and domestic corporate and governmental entities selected by the Sub-Adviser utilizing the Selection Process.

The types of debt securities in which the Fund will invest are corporate debt securities, U.S. Government securities, debt securities of foreign issuers, sovereign debt securities, U.S. government agency securities, high-yield bonds, variable and floating rate securities, and debt-based ETNs and ETFs. The Fund expects to invest in debt securities of all maturities, from less than one year up to thirty years, depending on the portfolio manager's assessment of the risks and opportunities along the yield curve.

The types of equity securities in which the Fund will invest are common

stocks, preferred stocks, rights, warrants, convertibles [sic] MLPs, and REITs. The Fund may invest in companies of any size market capitalization.

The Fund may invest up to 50% of the Fund's principal investments in the securities of issuers in emerging markets, which could consist of Depositary Receipts, dollar denominated foreign securities and foreign equity securities. The Fund may also invest up to 40% of the Fund's principal investments in junk bonds. The Fund's principal investments may also consist of ETFs that invest predominantly in debt securities and will be considered debt securities for the purposes of the Fund's debt target allocation and investments in other investment companies that invest predominantly in dividend-paying equity securities are considered dividend-paying equity securities for the purposes of the fund's income producing securities target allocation.

Non-Principal Investments

While the Fund, under normal circumstances, will invest at least 80% of its net assets in its investments as described above, the Fund may directly invest in certain other investments, as described below. According to the Registration Statement, up to 20% of the Fund's net assets may be invested in exchange listed foreign and domestic equities (other than the foreign and domestic equities noted in the Principal Investment section for the Fund, above), ETFs, ETNs (other than the debt-based ETFs and ETNs noted in the Principal Investment section for the Fund, above), and/or in Option [sic] Strategies and Financial Instruments. Cash balances arising from the use of Financial Instruments typically will be held in money market instruments.

WBI Tactical High Income Shares

According to the Registration Statement, the WBI Tactical High Income Shares investment objectives are to seek high current income with the potential for long-term capital appreciation, while also seeking to protect principal during unfavorable market conditions.

Principal Investments

Under normal market conditions, the Fund will invest at least 80% of its net assets in income producing debt and exchange listed equity securities of foreign and domestic issuers, including the securities of foreign and domestic corporate and governmental entities selected by the Sub-Adviser utilizing the Selection Process.

The types of debt securities in which the Fund will invest are corporate debt securities, U.S. Government securities, debt securities of foreign issuers, sovereign debt securities, U.S. government agency securities, high-yield bonds, variable and floating rate securities, and debt-based ETNs and ETFs. The Fund expects to invest in debt securities of all maturities, from less than one year up to thirty years, depending on the portfolio manager's assessment of the risks and opportunities along the yield curve.

The types of equity securities in which the Fund will invest are common stocks, preferred stocks, rights, warrants, convertibles [sic] MLPs, and REITs. The Fund may invest in companies of any size market capitalization.

The Fund may invest up to 50% of the Fund's principal investments in the securities of issuers in emerging markets, which could consist of Depositary Receipts, dollar denominated foreign securities and foreign equity securities. The Fund may also invest up to 80% of the Fund's principal investments in junk bonds. The Fund's principal investments may also consist of ETFs that invest predominantly in debt securities and will be considered debt securities for the purposes of the Fund's debt target allocation and investments in other investment companies that invest predominantly in dividend-paying equity securities are considered dividend-paying equity securities for the purposes of the fund's income producing securities target allocation.

Non-Principal Investments

While the Fund, under normal circumstances, will invest at least 80% of its net assets in its investments as described above, the Fund may directly invest in certain other investments, as described below. According to the Registration Statement, up to 20% of the Fund's net assets may be invested in exchange listed foreign and domestic equities (other than the foreign and domestic equities noted in the Principal Investment section for the Fund, above), ETFs, ETNs (other than the debt-based ETFs and ETNs noted in the Principal Investment section for the Fund, above), and/or in Option [sic] Strategies and Financial Instruments. Cash balances arising from the use of Financial Instruments typically will be held in money market instruments.

Investment Restrictions

Each Fund will seek to qualify for treatment as a regulated investment company ("RIC") under Subchapter M

of the Internal Revenue Code of 1986, as amended.²⁰

As part of its non-principal strategy, a Fund may hold up to an aggregate amount of 15% of its net assets in illiquid securities (calculated at the time of investment), including Rule 144A securities.²¹ Each Fund will monitor its portfolio liquidity on an ongoing basis to determine whether, in the 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 a Fund's net assets are held in illiquid securities and other illiquid assets.

According to the Registration Statement, a Fund will not invest more than 25% of its total assets, directly or indirectly, through underlying ETFs, in an individual industry, as defined by the Standard Industrial Classification Codes utilized by the Division of Corporate Finance of the Commission.²² This limitation does not apply to investments in securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities, or shares of investment companies.

According to the Registration Statement, a Fund may not purchase or sell physical commodities or physical commodity contracts unless acquired as a result of ownership of securities or other instruments issued by persons that purchase or sell commodities or commodities contracts, but this shall not prevent a Fund from purchasing, selling and entering into financial futures contracts (including futures contracts on indices of securities,

interest rates and currencies), options on financial futures contracts (including futures contracts on indices of securities, interest rates and currencies), warrants, swaps, forward contracts, or other derivative instruments that are not related to physical commodities.

Net Asset Value

According to the Registration Statement, each Fund will calculate net asset value ("NAV") of the Shares of the respective Fund using the NAV of the respective Fund. NAV per share for each Fund will be computed by dividing the value of the net assets of a Fund (*i.e.*, the Fund's total assets less total liabilities) by the total number of shares outstanding, rounded to the nearest cent; however, for purposes of determining the price of Creation Units, the NAV will be calculated to five decimal places.

For purposes of calculating NAV, portfolio securities and other assets for which market quotes are readily available will be valued at market value. Market value will generally be determined on the basis of last reported sales prices, or if no sales are reported, based on quotes obtained from a quotation reporting system, established market makers, or pricing services.

In calculating NAV, each Fund's exchange traded equity investments, including domestic and foreign common stocks, preferred stocks, rights, warrants, convertibles, Depositary Receipts, ETFs, ETNs, MLPs and REITs, will be valued at market value, which will generally be determined using the last reported official closing or last trading price on the exchange or market on which the security is primarily traded at the time of valuation or, if no sale has occurred, at the last quoted bid price on the primary market or exchange on which they are traded.

Un-sponsored Depositary Receipts will be valued on the basis of the market closing price on the exchange where the stock of the foreign issuer that underlies the Depositary Receipt is listed. Debt securities, including fixed, floating and variable corporate debt securities, U.S. Government securities, debt securities of foreign issuers, sovereign debt securities, U.S. government agency securities and high-yield bonds will be valued using market quotations when available or other equivalent indications of value provided by a third-party pricing service. Mortgage-backed securities, asset-backed securities, money market instruments and Financial Instruments (with the exception of reverse repurchase agreements, discussed below) will be

²⁰ 26 U.S.C. 151 [sic].

²¹ The Commission has stated that long-standing Commission guidelines have required open-end funds to hold no more than 15% of their net assets in illiquid securities and other illiquid assets. See Investment Company Act Release No. 8901 (March 11, 2008), 73 FR 14618 (March 18, 2008), footnote 34. See also, Investment Company Act Release No. 5847 (October 21, 1969), 35 FR 19989 (December 31, 1970) (Statement Regarding "Restricted Securities"); Investment Company Act Release No. 18612 (March 12, 1992), 57 FR 9828 (March 20, 1992) (Revisions of Guidelines to Form N-1A). A fund's portfolio security is illiquid if it cannot be disposed of in the ordinary course of business within seven days at approximately the value ascribed to it by the ETF. See Investment Company Act Release No. 14983 (March 12, 1986), 51 FR 9773 (March 21, 1986) (adopting amendments to Rule 2a-7 under the 1940 Act); Investment Company Act Release No. 17452 (April 23, 1990), 55 FR 17933 (April 30, 1990) (adopting Rule 144A under the Securities Act of 1933).

²² See Form N-1A, Item 5. The Commission has taken the position that a fund is concentrated if it invests more than 25% of the value of its total assets in any one industry. See, *e.g.*, Investment Company Act Release No. 9011 (October 30, 1975), 40 FR 54241 (November 21, 1975).

valued by relying on third-party pricing services.

Any such third-party pricing service may use a variety of methodologies to value some or all of a Fund's debt securities to determine the market price. For example, the prices of securities with characteristics similar to those held by each Fund may be used to assist with the pricing process. In addition, the pricing service may use proprietary pricing models. In certain cases, some of a Fund's debt securities may be valued at the mean between the last available bid and ask prices for such securities or, if such prices are not available, at prices for securities of comparable maturity, quality, and type.

Short-term debt instruments having a remaining maturity of 60 days or less will generally be valued at amortized cost, which approximates market value.

Exchange traded equity options are generally valued on a basis of quotes obtained from a quotation reporting system, established market makers, or pricing services. Non-exchange-traded derivatives, including forwards, swaps, and certain options, will normally be valued on the basis of quotes obtained from brokers and dealers or pricing services using data reflecting the closing of the principal markets for those assets. Prices obtained from independent pricing services use information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics.

OTC options may be valued intraday through option valuation models (e.g., Black-Scholes) or using exchange traded options as a proxy, or another proxy as determined to be appropriate by the third party market data provider. Futures and options on futures will be valued at the settlement price determined by the applicable exchange.

Caps and floors will be valued using the exchange closing prices on the interest rate options.

Reverse repurchase agreements and Rule 144A securities will generally be valued at bid prices received from independent pricing services as of the announced closing time for trading in such instruments.

Investments that may be valued using fair value pricing include, but are not limited to: (1) Securities that are not actively traded, including "restricted" securities and securities received in private placements for which there is no public market; (2) securities of an issuer that becomes bankrupt or enters into a restructuring; (3) securities whose trading has been halted or suspended; and (4) foreign securities traded on exchanges that close before a Fund's

NAV is calculated. The NAV will be calculated by the Administrator and determined each Business Day as of the close of regular trading on the Exchange (ordinarily 4:00 p.m., Eastern time ("E.T.")). The Shares of each Fund will not be priced on days on which the Exchange is closed for trading.

Indicative Intra-Day Value

According to the Registration Statement, an independent third party calculator, initially the Exchange, will calculate the Indicative Intra-Day Value ("IIV") for each Fund during hours of trading on the Exchange by dividing the "Estimated Fund Value" as of the time of the calculation by the total number of outstanding Shares of that Fund. "Estimated Fund Value" is the sum of the estimated amount of cash held in a Fund's portfolio, the estimated amount of accrued interest owed to a Fund and the estimated value of the securities held in a Fund's portfolio, minus the estimated amount of a Fund's liabilities. The IIV will be calculated based on the same portfolio holdings disclosed on the Trust's Web site. The IIV will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Core Trading Session.

According to the Registration Statement, each Fund will provide the independent third party calculator with information to calculate the IIV, but a Fund will not be involved in the actual calculation of the IIV and are not responsible for the calculation or dissemination of the IIV. Each Fund makes no warranty as to the accuracy of the IIV. The IIV should not be viewed as a "real-time" update of NAV because the IIV may not be calculated in the same manner as NAV, which will be computed once per day.

In addition, the Portfolio Indicative Value, as defined in NYSE Arca Equities Rule 8.600 (c)(3), will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Core Trading Session.²³ The IIV dissemination together with the Disclosed Portfolio, will allow investors to determine the value of the underlying portfolio of each Fund on a daily basis and to provide a close estimate of that value throughout the trading day.

The IIV is the same as the Portfolio Indicative Value as defined in NYSE Arca Equities Rule 8.600 (c)(3).

²³ Currently, the Exchange understands that several major market data vendors display and/or make widely available IIV taken from CTA or other data feeds.

Creations and Redemptions of Shares

According to the Registration Statement, each Fund will offer and issue Shares only in aggregations of a specified number of Shares (each, a "Creation Unit"). Creation Unit sizes will be 50,000 Shares per Creation Unit. The Creation Unit size for a Fund may change. Each Fund will issue and redeem Shares only in Creation Units at the NAV next determined after receipt of an order on a continuous basis on a "Business Day". A Business Day with respect to a Fund will be, generally, any day on which the Exchange is open for business. The NAV of a Fund will be determined once each Business Day, normally as of the close of trading on the NYSE (normally, 4:00 p.m. E.T.). An order to purchase or redeem Creation Units will be deemed to be received on the Business Day on which the order is placed provided that the order is placed in proper form prior to the applicable cut-off time (typically required by 4:00 p.m. E.T. or 3:00 p.m. E.T. in the case of custom orders).

The consideration for purchase of a Creation Unit of a Fund will generally consist of the "in-kind" deposit of a designated portfolio of securities (the "Deposit Securities") per each Creation Unit and a specified cash payment (the "Cash Component"). However, consideration may consist of the cash value of the Deposit Securities ("Deposit Cash") and the Cash Component.

Together, the Deposit Securities or Deposit Cash, as applicable, and the Cash Component will constitute the "Fund Deposit," which represents the minimum initial and subsequent investment amount for a Creation Unit of any Fund. The "Cash Component" is an amount equal to the difference between the NAV of the Shares (per Creation Unit) and the market value of the Deposit Securities or Deposit Cash, as applicable. The Cash Component will serve the function of compensating for any differences between the NAV per Creation Unit and the market value of the Deposit Securities or Deposit Cash, as applicable.

The Custodian, through the National Securities Clearing Corporation ("NSCC"), will make available on each Business Day, immediately prior to the opening of business on the Exchange (currently 9:30 a.m. E.T.), the list of the names and the required number of shares of each Deposit Security or the required amount of Deposit Cash, as applicable, to be included in the current Fund Deposit (based on information at the end of the previous Business Day) for a Fund. According to the Registration Statement, the Trust

reserves the right to permit or require the substitution of an amount of cash (*i.e.*, a “cash in lieu” amount) to be added to the Cash Component to replace any Deposit Security. The Adviser represents that, to the extent the Trust permits or requires a “cash in lieu” amount, such transactions will be effected in the same or equitable manner for all authorized participants.

Shares may be redeemed only in Creation Units at their NAV next determined after receipt of a redemption request in proper form by a Fund through the Transfer Agent and only on a Business Day.

With respect to each Fund, the Custodian, through the NSCC, will make available immediately prior to the opening of business on the Exchange (currently 9:30 a.m. E.T.) on each Business Day, the list of the names and share quantities of each Fund’s portfolio securities that will be applicable (subject to possible amendment or correction) to redemption requests received in proper form on that day (“Fund Securities”).

Redemption proceeds for a Creation Unit typically will be paid in-kind; however, such proceeds may be paid in cash or a combination of in-kind and cash, as determined by the Trust. With respect to in-kind redemptions of a Fund, redemption proceeds for a Creation Unit will consist of Fund Securities as announced by the Custodian on the Business Day of the request for redemption received in proper form plus or minus cash in an amount equal to the difference between the NAV of the Shares being redeemed, as next determined after a receipt of a request in proper form, and the value of a Fund’s Securities (the “Cash Redemption Amount”), less a fixed redemption transaction fee and any applicable additional variable charge. The Adviser represents that all persons redeeming Shares during a Business Day will be treated in the same manner with respect to payment of proceeds in-kind, in cash, or in a combination thereof.

The Trust may, in its discretion, exercise its option to redeem Shares in cash, and the redeeming Shareholders will be required to receive its redemption proceeds in cash, as described in the Registration Statement. The investor will receive a cash payment equal to the NAV of its Shares based on the NAV of Shares of the relevant Fund next determined after the redemption request is received in proper form. The Adviser represents that, to the extent the Trust effects a redemption of Shares in cash, such transactions will be effected in the same manner for all Authorized Participants.

Availability of Information

Each Fund’s Web site, www.wbishares.com, which will be publicly available prior to the public offering of Shares, will include a form of the prospectus for each Fund that may be downloaded. The Web site will include additional quantitative information updated on a daily basis, including (1) daily trading volume, the prior business day’s reported closing price, NAV and mid-point of the bid/ask spread at the time of calculation of such NAV (the “Bid/Ask Price”),²⁴ and a calculation of the premium and discount of the Bid/Ask Price against the NAV, and (2) data in chart format displaying the frequency distribution of discounts and premiums of the daily Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters. On each business day, before commencement of trading in Shares in the Core Trading Session (9:30 a.m. E.T. to 4:00 p.m. E.T.) on the Exchange, each Fund will disclose on the Fund’s Web site the Disclosed Portfolio as defined in NYSE Arca Equities Rule 8.600(c)(2) that will form the basis for a Fund’s calculation of NAV at the end of the business day.²⁵ The Web site information will be publicly available at no charge.

On a daily basis, each Fund will disclose on the Fund’s Web site the following information regarding each portfolio holding, as applicable to the type of holding: Ticker symbol, the individual identifier (CUSIP) or other identifier, if any; a description of the holding (including the type of holding, such as the type of swap); the identity of the security, commodity, index or other asset or instrument underlying the holding, if any; for options, the option strike price; quantity held (as measured by, for example, par value, notional value or number of shares, contracts or units); maturity date, if any; coupon rate, if any; effective date, if any; market value of the holding; and the percentage weighting of the holding in the Fund’s portfolio. The Web site information will be publicly available at no charge.

In addition, a basket composition file, which includes the security names and share quantities required to be delivered

in exchange for Fund Shares, together with estimates and actual cash components, will be publicly disseminated daily prior to the opening of the NYSE via the NSCC. The basket represents one Creation Unit of each Fund.

Investors can also obtain the Trust’s Statement of Additional Information (“SAI”), Shareholder Reports and Form N-CSR. The Trust’s SAI and Shareholder Reports are available free upon request from the Trust, and those documents and the Form N-CSR may be viewed on-screen or downloaded from the Commission’s Web site at www.sec.gov. Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers’ computer screens and other electronic services. 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.

Quotation and last-sale information for the Shares and underlying domestic exchange listed equities securities, including common stocks, preferred stocks, rights, warrants, convertibles, Depositary Receipts, ETFs, ETNs, MLPs and REITS, will be available via the Consolidated Tape Association (“CTA”) high-speed line and from the national securities exchange on which they are listed. Quotation and last-sale information for domestic exchange-listed options contracts will be available via the Options Price Reporting Authority.

Price information regarding equity securities and options traded on non-U.S. securities exchanges will be available from the exchanges trading such securities, automated quotation systems, published or other public sources, or on-line information services such as Bloomberg or Reuters.

Quotation information for unsponsored Depositary Receipts will be available from major market data vendors. Quotation information for non-exchange-traded derivatives, including OTC options, forwards, and swaps may be obtained from brokers and dealers who make markets in such securities or major market data vendors. Price information on futures and options on futures will be available from major market data vendors and from securities and futures exchanges, as applicable.

Quotation information for debt securities, including fixed, floating and variable corporate debt securities, U.S. Government securities, debt securities of foreign issuers, sovereign debt securities, U.S. government agency securities and high-yield bonds, will be

²⁴ The Bid/Ask Price of each Fund will be determined using the mid-point of the highest bid and the lowest offer on the Exchange as of the time of calculation of each Fund’s NAV. The records relating to Bid/Ask Prices will be retained by each Fund and their service providers.

²⁵ Under accounting procedures followed by each Funds, trades made on the prior business day (“T”) will be booked and reflected in NAV on the current business day (“T+1”). Accordingly, each Fund will be able to disclose at the beginning of the business day the portfolio that will form the basis for the NAV calculation at the end of the business day.

available from major market data vendors. In addition, quotation information from brokers and dealers or major market data vendors will be available for mortgage-backed; asset-backed securities; money market instruments; short-term debt securities; and Financial Instruments.

Additional information regarding the Trust and the Shares, including investment strategies, risks, creation and redemption procedures, fees (including money manager and other advisory or management fees), portfolio holdings disclosure policies, distributions and taxes is included in the Registration Statement. All terms relating to each Fund that are referred to, but not defined in, this proposed rule change are defined in the Registration Statement.

Trading Halts

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 each Fund.²⁶

Trading in Shares of a Fund will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 have been reached. 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. These may include: (1) The extent to which trading is not occurring in the securities and/or the Financial Instruments comprising the Disclosed Portfolio of a Fund; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. Trading in the Shares will be subject to NYSE Arca Equities Rule 8.600(d)(2)(D), which sets forth circumstances under which Shares of a Fund may be halted.

Trading Rules

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. Shares will trade on the NYSE Arca Marketplace from 4 a.m. to 8 p.m. E.T. in accordance with NYSE Arca Equities Rule 7.34 (Opening, Core, and Late Trading Sessions). The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in NYSE Arca Equities Rule 7.6, Commentary .03, the minimum price variation ("MPV") for quoting and entry of orders in equity securities traded on the NYSE Arca Marketplace is \$0.01,

with the exception of securities that are priced less than \$1.00 for which the MPV for order entry is \$0.0001.

The Shares of each Fund will conform to the initial and continued listing criteria under NYSE Arca Equities Rule 8.600. Consistent with NYSE Arca Equities Rule 8.600(d)(2)(B)(ii), each Fund's Reporting Authority will 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 each Fund's portfolio. The Exchange represents that, for initial and/or continued listing, each Fund will be in compliance with Rule 10A-3²⁷ under the Act, as provided by NYSE Arca Equities Rule 5.3. A minimum of 100,000 Shares will be outstanding at the commencement of trading on the Exchange. The Exchange will obtain a representation from the issuer of the Shares that the NAV per Share will be calculated daily and that the NAV and the Disclosed Portfolio as defined in NYSE Arca Equities Rule 8.600(c)(2) will be made available to all market participants at the same time.

Surveillance

The Exchange represents that trading in the Shares will be subject to the existing trading surveillances administered by the Financial Industry Regulatory Authority ("FINRA") on behalf of the Exchange that are designed to detect violations of Exchange rules and applicable federal securities laws.²⁸ The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to detect and help deter violations of Exchange rules and applicable federal securities laws.

The surveillances referred to above generally focus on detecting securities trading outside their normal patterns, which could be indicative of manipulative or other violative activity. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations.

FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares, underlying exchange-traded equity securities (including, without limitation, domestic and foreign common stocks, preferred stocks, rights, warrants, convertibles, Depository Receipts, ETFs, ETNs, MLPs

and REITS), exchange-traded options, futures, options on futures contracts and options on securities indices with markets and entities that are members of ISG, and FINRA may obtain, on behalf of the Exchange, trading information regarding trading in the Shares, underlying exchange-traded equity securities, exchange-traded options, futures, options on futures contracts and options on securities indices from such markets or entities. In addition, the Exchange may obtain information regarding trading in the Shares, underlying exchange-traded equity securities (including, without limitation, domestic and foreign common stocks, preferred stocks, rights, warrants, convertibles, Depository Receipts, ETFs, ETNs, MLPs and REITS), exchange-traded options, futures, options on futures contracts and options on securities indices from markets and entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.²⁹ FINRA, on behalf of the Exchange, is able to access, as needed, trade information for certain fixed income securities reported to FINRA's Trade Reporting and Compliance Engine ("TRACE").

As noted above, not more than 10% of the net assets of a Fund in the aggregate shall consist of unsponsored Depository Receipts. Not more than 10% of the net assets of each Fund in the aggregate invested in exchange traded equity securities shall consist of equity securities whose principal market is not a member of ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement. Furthermore, not more than 10% of the net assets of a Fund in the aggregate shall consist of futures contracts or options contracts whose principal market is not a member of ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement.

In addition, the Exchange also has a general policy prohibiting the distribution of material, non-public information by its employees.

Information Bulletin

Prior to the commencement of trading, the Exchange will inform its Equity Trading Permit ("ETP") Holders in an Information Bulletin ("Bulletin") of the special characteristics and risks associated with trading the Shares.

²⁹ For a list of the current members of ISG, see www.isgportal.org. The Exchange notes that not all components of the Disclosed Portfolio for a Fund may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

²⁷ 17 CFR 240.10A-3.

²⁸ FINRA surveils trading on the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement.

²⁶ See NYSE Arca Equities Rule 7.12, Commentary .04.

Specifically, the Bulletin will discuss the following: (1) The procedures for purchases and redemptions of Shares in Creation Unit aggregations (and that Shares are not individually redeemable); (2) NYSE Arca Equities Rule 9.2(a), which imposes a duty of due diligence on its ETP Holders to learn the essential facts relating to every customer prior to trading the Shares; (3) the risks involved in trading the Shares during the Opening and Late Trading Sessions when an updated IIV will not be calculated or publicly disseminated; (4) how information regarding the IIV is disseminated; (5) the requirement that ETP Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (6) trading information.

In addition, the Bulletin will reference that a Fund is subject to various fees and expenses described in the Registration Statement. The Bulletin will discuss any exemptive, no-action, and interpretive relief granted by the Commission from any rules under the Act. The Bulletin will also disclose that the NAV for the Shares will be calculated after 4:00 p.m. E.T. each trading day.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)³⁰ 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 Funds will continue to comply with all initial and continued listing requirements under NYSE Arca Equities Rule 8.600.

FINRA, on behalf of 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. FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares, underlying exchange-traded equity securities (including, without limitation, domestic

and foreign common stocks, preferred stocks, rights, warrants, convertibles, Depository Receipts, ETFs, ETNs, MLPs and REITS), exchange-traded options, futures, options on futures contracts and options on securities indices with markets and entities that are members of ISG, and FINRA may obtain, on behalf of the Exchange, trading information regarding trading in the Shares, underlying exchange-traded equity securities, exchange-traded options, futures, options on futures contracts and options on securities indices from such markets or entities. In addition, the Exchange may obtain information regarding trading in the Shares, underlying exchange-traded equity securities (including, without limitation, domestic and foreign common stocks, preferred stocks, rights, warrants, convertibles, Depository Receipts, ETFs, ETNs, MLPs and REITS), exchange-traded options, futures, options on futures contracts and options on securities indices from such markets and entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. FINRA, on behalf of the Exchange, is able to access, as needed, trade information for certain fixed income securities reported to FINRA's TRACE.

As noted above, not more than 10% of the net assets of a Fund in the aggregate shall consist of unsponsored Depository Receipts. Not more than 10% of the net assets of each Fund in the aggregate invested in exchange traded equity securities shall consist of equity securities whose principal market is not a member of ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement. Furthermore, not more than 10% of the net assets of a Fund in the aggregate shall consist of futures contracts or options contracts whose principal market is not a member of ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement.

Each Fund's investments will, under normal circumstances, be consistent with its investment objective. Each Fund will not hold more than 15% of its net assets in illiquid securities, including Rule 144A securities. Each Fund will not invest in leveraged or inverse leveraged (e.g., 2X, -2X, 3X, or -3X) ETFs.

The Adviser is a registered broker-dealer and is affiliated with a broker-dealer. The Sub-Adviser is also affiliated with a broker-dealer. The Adviser and Sub-Adviser will accordingly implement a firewall with respect to its relevant personnel and its

broker-dealer affiliate regarding access to information concerning the composition and/or changes to a portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio. In the future, should (a) the Adviser and/or Sub-Adviser become newly affiliated with another 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 firewall with respect to such relevant personnel and/or its broker-dealer affiliate to accomplish the same purposes discussed immediately above.

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 Adviser will establish a firewall as discussed immediately above. The Exchange will also obtain a representation from the issuer of the Shares that the NAVs per Share will be calculated daily and that the NAVs and the Disclosed Portfolio will be made available to all market participants at the same time. In addition, a large amount of information is publicly available regarding each Fund and the Shares, thereby promoting market transparency.

Each Fund's portfolio holdings will be disclosed on its Web site daily after the close of trading on the Exchange and prior to the opening of trading on the Exchange the following day. Moreover, the IIV will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Core Trading Session. Information regarding market price and trading volume of the Shares 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 will be available via the CTA high-speed line. The Web site will include a form of the prospectus for each Fund and additional data relating to a Fund's NAVs and other applicable quantitative information. On a daily basis, the Fund will disclose for each portfolio holding of the Fund the following information: ticker symbol, the individual identifier (CUSIP) or other identifier, if any; a description of the holding (including the type of holding, such as the type of swap); the identity of the security, commodity, index or other asset or instrument underlying the holding, if any; for options, the option strike price; quantity held (as measured by, for example, par value, notional value or number of shares, contracts or units); maturity date, if any; coupon rate, if

³⁰ 15 U.S.C. 78f(b)(5).

any; effective date, if any; market value of the holding; and the percentage weighting of the holding in the Fund's portfolio. Prior to the commencement of trading, the Exchange will inform its ETP Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares.

Trading in Shares of each 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, and trading in the Shares will be subject to NYSE Arca Equities Rule 8.600(d)(2)(D), which sets forth circumstances under which Shares of each Fund may be halted. In addition, as noted above, investors will have ready access to information regarding each Fund's holdings, the IIV, 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 in that it will facilitate the listing and trading of additional types of actively-managed exchange-traded products that will enhance competition among market participants, to the benefit of investors and the marketplace. As noted above, FINRA, on behalf of 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. In addition, as noted above, investors will have ready access to information regarding each Fund's holdings, the IIV, 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 notes that the proposed rule change will facilitate the listing and trading of additional types of actively-managed exchange-traded products that will enhance competition among market participants, to the benefit of investors and the marketplace.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) By order approve or disapprove the proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be 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-NYSEArca-2014-67 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-2014-67. 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 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-2014-67 and should be submitted on or before July 30, 2014.

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

Jill M. Peterson,
Assistant Secretary.

[FR Doc. 2014-15964 Filed 7-8-14; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72514; File No. SR-NFA-2014-05]

Self-Regulatory Organizations; National Futures Association; Notice of Filing of Proposed Rule Change Relating to the NFA Interpretive Notice Entitled "NFA Compliance Rule 2-9: Enhanced Supervisory Requirements"

July 2, 2014.

Pursuant to Section 19(b)(7) of the Securities Exchange Act of 1934 ("Exchange Act")¹ and Rule 19b-7 thereunder,² notice is hereby given that on June 18, 2014, National Futures Association ("NFA") 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 substantially prepared by NFA. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.³

On June 18, 2014, NFA also filed the proposed rule change with the Commodity Futures Trading Commission ("CFTC") and requested that the CFTC make a determination

³¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(7).

² 17 CFR 240.19b-7.

³ NFA previously filed amendments to the Notice regarding Rule 2-9(b) with the Commission. See Exchange Act Release No. 47533 (Mar. 19, 2003), 68 FR 14733 (Mar. 26, 2003) (SR-NFA-2003-01); Exchange Act Release No. 52808 (Nov. 18, 2005), 70 FR 71347 (Nov. 28, 2005) (SR-NFA-2005-01); Exchange Act Release No. 53568 (Mar. 29, 2006), 71 FR 16850 (Apr. 4, 2006) (SR-NFA-2006-01); Exchange Act Release No. 55710 (May 4, 2007), 72 FR 26858 (May 11, 2007) (SR-NFA-2007-03); Exchange Act Release No. 57142 (Jan. 14, 2008), 73 FR 3502 (Jan. 18, 2008) (SR-NFA-2007-07); Exchange Act Release No. 57640 (Apr. 9, 2008), 73 FR 20341 (Apr. 15, 2008) (SR-NFA-2008-01); and Exchange Act Release No. 63602 (Dec. 22, 2010), 76 FR 202 (Jan. 3, 2011) (SR-NFA-2010-04).