

Transaction, the applicable Advisers will:

(i) Notify each Regulated Fund that participated in the Co-Investment Transaction of the proposed transaction at the earliest practical time; and

(ii) formulate a recommendation as to the proposed participation, including the amount of the proposed Follow-On Investment, by each Regulated Fund.

(b) A Regulated Fund may participate in such Follow-On Investment without obtaining prior approval of the Required Majority if: (i) The proposed participation of each Co-Investment Affiliate and each Regulated Fund in such investment is proportionate to its outstanding investments in the issuer immediately preceding the Follow-On Investment; (ii) the Board of the Regulated Fund has approved as being in the best interests of the Regulated Fund the ability to participate in Follow-On Investments on a pro rata basis (as described in greater detail in the application); and (iii) the Board of the Regulated Fund is provided on a quarterly basis with a list of all Follow-On Investments made in accordance with this condition. In all other cases, the applicable Adviser will provide its written recommendation as to the Regulated Fund's participation to the Regulated Fund's Eligible Directors, and the Regulated Fund will participate in such Follow-On Investment solely to the extent that a Required Majority determines that it is in the Regulated Fund's best interests.

(c) If, with respect to any Follow-On Investment:

(i) The amount of the Follow-On Investment is not based on the Co-Investment Affiliates' and the Regulated Funds' outstanding investments immediately preceding the Follow-On Investment; and

(ii) the aggregate amount recommended by the applicable Adviser to be invested by each Regulated Fund in the Follow-On Investment, together with the amount proposed to be invested by the participating Co-Investment Affiliates in the same transaction, exceeds the amount of the opportunity, then the amount to be invested by each such party will be allocated among them pro rata based on each participating party's capital available for investment in the asset class being allocated, up to the amount proposed to be invested by each.

(d) The acquisition of Follow-On Investments as permitted by this condition will be considered a Co-Investment Transaction for all purposes and subject to the other conditions set forth in the application.

9. The Independent Directors of each Regulated Fund will be provided quarterly for review all information concerning Potential Co-Investment Transactions and Co-Investment Transactions, including investments made by the Co-Investment Affiliates and the other Regulated Funds that the Regulated Fund considered but declined to participate in, so that the Independent Directors may determine whether all investments made during the preceding quarter, including those investments that the Regulated Fund considered but declined to participate in, comply with the conditions of the Order. In addition, the Independent Directors will consider at least annually the continued appropriateness for the Regulated Fund of participating in new and existing Co-Investment Transactions.

10. Each Regulated Fund will maintain the records required by section 57(f)(3) of the Act as if each of the Regulated Funds were a BDC and each of the investments permitted under these conditions were approved by the Required Majority under section 57(f) of the Act.

11. No Independent Director of a Regulated Fund will also be a director, general partner, managing member or principal, or otherwise an "affiliated person" (as defined in the Act), of any Co-Investment Affiliate.

12. The expenses, if any, associated with acquiring, holding or disposing of any securities acquired in a Co-Investment Transaction (including, without limitation, the expenses of the distribution of any such securities registered for sale under the 1933 Act) will, to the extent not payable by the Advisers under their respective advisory agreements with the Co-Investment Affiliates and the Regulated Funds, be shared by the participating Co-Investment Affiliates and the participating Regulated Funds in proportion to the relative amounts of the securities held or being acquired or disposed of, as the case may be.

13. Any transaction fee (including break-up or commitment fees but excluding broker's fees contemplated by section 17(e) or 57(k) of the Act, as applicable) received in connection with a Co-Investment Transaction will be distributed to the participating Co-Investment Affiliates and Regulated Funds on a pro rata basis based on the amount they each invested or committed, as the case may be, in such Co-Investment Transaction. If any transaction fee is to be held by an Adviser pending consummation of the transaction, the fee will be deposited into an account maintained by the

Adviser at a bank or banks having the qualifications prescribed in section 26(a)(1) of the Act, and the account will earn a competitive rate of interest that will also be divided pro rata among the participating Co-Investment Affiliates and Regulated Funds based on the amount each invests in such Co-Investment Transaction. None of the Co-Investment Affiliates, the Regulated Funds, the Advisers nor any affiliated person of the Regulated Funds or Co-Investment Affiliates will receive additional compensation or remuneration of any kind as a result of or in connection with a Co-Investment Transaction (other than (a) in the case of the Co-Investment Affiliates and the Regulated Funds, the pro rata transaction fees described above and fees or other compensation described in condition 2(c)(iii)(C), and (b) in the case of the Advisers, investment advisory fees paid in accordance with their respective investment advisory agreements with the Regulated Funds and Co-Investment Affiliates).

For the Commission, by the Division of Investment Management, under delegated authority.

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2014-19706 Filed 8-19-14; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72847; File No. SR-NYSEArca-2014-88]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change (1) to Reflect a Change to the Value Used by the iShares Silver Trust, ETFS Silver Trust, ETFS White Metals Basket Trust and ETFS Precious Metals Basket Trust With Respect to Calculation of the Net Asset Value of Shares of Each Trust; and (2) to Reflect a Change to the Underlying Benchmark for ProShares Ultra Silver and ProShares UltraShort Silver

August 14, 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 August 13, 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

<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.

below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

### 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 value used by the iShares Silver Trust, ETFs Silver Trust, ETFs White Metals Basket Trust and ETFs Precious Metals Basket Trust, each of which is currently listed on the Exchange under NYSE Arca Equities Rule 8.201, with respect to calculation of the net asset value of shares of each trust; and (2) to reflect a change to the underlying benchmark for ProShares Ultra Silver and ProShares UltraShort Silver, each of which is currently listed on the Exchange under NYSE Arca Equities Rule 8.200. 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, 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 amend the Exchange listing rules applicable to six exchange-traded products, all of which reference the "London Silver Fix", as described further below. The exchange-traded products are listed and traded pursuant to NYSE Arca Equities Rules 8.201, for Commodity-Based Trust Shares, and NYSE Arca Equities Rule 8.200, for Trust Issued Receipts. The proposed change would replace references to the "London Silver Fix," a silver-price mechanism that will be discontinued on the close of business August 14, 2014.

The "London Silver Fix" is a mechanism for pricing silver that has been in place since 1898.<sup>4</sup> The London Silver Market Fixing Limited administers the London Silver Fix and announced, on May 14, 2014, that it will stop administering the London Silver Fix at the end of the day on August 14, 2014. This announcement followed Deutsche Bank AG's announcement that it planned to cease participation in the committee that establishes the London Silver Fix, which would leave only two members of the committee.

As a consequence, the LBMA launched a consultation with market participants, regulators and potential administrators on the London silver daily price mechanism. On July 11, 2014, the LBMA announced in a press release that CME Group, Inc. ("CME Group") and Thomson Reuters were selected to provide the solution for the "London Silver Price" mechanism, as described further below. According to the LBMA press release, the price mechanism will be electronic, auction-based and auditable, and will be tradeable with an increased number of direct participants.<sup>5</sup> In terms of the division of responsibilities, CME Group will provide the price platform and methodology and Thomson Reuters will provide the administration and governance. The LBMA will develop a process of accreditation for "silver participants," as described further below.

#### Exchange-Listed Silver-Based Products

The Exchange lists and trades shares of exchange traded products that

<sup>4</sup> As described in the registration statement under the Securities Act of 1933 (15 U.S.C. 77a) ("1933 Act") for the iShares Silver Trust (*see infra*, note 11), the London Bullion Market Association ("LBMA") fixings (which include the "London Silver Fix") are an open process at which market participants can transact business on the basis of a single quoted price. Three market making members of the LBMA conduct the silver fixing meeting under the chairmanship of The Bank of Nova Scotia-ScotiaMocatta by telephone at 12:00 noon (London time) each working day. The other members of the silver fixing are Deutsche Bank AG and HSBC Bank USA N.A. (London branch). Orders executed at the fixing are conducted as principal-to-principal transactions between the client and the dealer through whom the order is placed. Clients place orders with the dealing rooms of the fixing members, who net all the orders before communicating their interest to their representative at the fixing. The metal price is then adjusted to reflect whether there are more buyers or sellers at a given price until such time as supply and demand is seen to be balanced. Orders can be changed throughout the proceedings as the price is moved higher and lower until such time as buyers' and sellers' orders are satisfied and the price is said to be "fixed."

<sup>5</sup> See "LBMA Silver Price Solution: CME Group & Thomson Reuters," dated July 11, 2014, available at: [http://www.lbma.org.uk/blog/lbma\\_media\\_centre/post/silverpricesolution/](http://www.lbma.org.uk/blog/lbma_media_centre/post/silverpricesolution/).

reference the London Silver Fix benchmark for one or more purposes. The Exchange lists and trades shares of the iShares Silver Trust,<sup>6</sup> ETFs Silver Trust,<sup>7</sup> ETFs White Metals Basket Trust<sup>8</sup> and ETFs Precious Metals Basket Trust<sup>9</sup> (together the "Silver Trusts") under NYSE Arca Equities Rule 8.201. In addition, the Exchange lists and trades shares of the ProShares Ultra Silver and ProShares UltraShort Silver<sup>10</sup> (together, the "Silver Funds") under NYSE Arca Equities Rule 8.200.

With respect to the Silver Trusts, the net asset value of shares of the respective trusts is based on the London Silver Fix, as described in the applicable rule filings relating to listing and trading of shares of each of the Silver Trusts and in the registration statement under the 1933 Act relating to

<sup>6</sup> See Securities Exchange Act Release Nos. 58956 (November 14, 2008), 73 FR 71074 (November 24, 2008) (SR-NYSEArca-2008-124) (approving listing on the Exchange of the iShares Silver Trust); 53520 (March 20, 2006), 71 FR 14977 (March 24, 2006) (SR-PCX-2005-117) (order approving listing and trading of shares of the iShares Silver Trust pursuant to unlisted trading privileges); 53521 (March 20, 2006), 71 FR 14967 (March 24, 2006) (SR-Amex-2005-72) (order approving listing and trading on the American Stock Exchange LLC of shares of the iShares Silver Trust).

<sup>7</sup> See Securities Exchange Act Release No. 59781 (April 17, 2009), 74 FR 18771 (April 24, 2009) (SR-NYSEArca-2009-28) (notice of filing and order granting accelerated approval relating to listing and trading of shares of the ETFs Silver Trust).

<sup>8</sup> See Securities Exchange Act Release No. 62620 (July 30, 2010), 75 FR 47655 (August 8, 2010) (SR-NYSEArca-2010-71) (notice of filing of proposed rule change to list and trade shares of the ETFs White Metals Basket Trust); 62875 (September 9, 2010), 75 FR 56156 (September 15, 2010) (SR-NYSEArca-2010-71) (order approving proposed rule change to list and trade shares of the ETFs White Metals Basket Trust).

<sup>9</sup> See Securities Exchange Act Release No. 62402 (June 29, 2010), 75 FR 39292 (July 8, 2010) (SR-NYSEArca-2010-56) (notice of filing of proposed rule change to list and trade shares of the ETFs Precious Metals Basket Trust); 62692 (August 11, 2010), 75 FR 50789 (August 17, 2010) (order approving proposed rule change to list and trade shares of the ETFs Precious Metals Basket Trust).

<sup>10</sup> See Securities Exchange Act Release Nos. 58457 (September 3, 2008), (73 FR 52711 (September 10, 2008) (SR-NYSEArca-2008-91) (notice of filing and order granting accelerated approval of proposed rule change regarding listing and trading of shares of 14 funds of the Commodities and Currency Trust, now the ProShares Trust II); 58162 (July 15, 2008), 73 FR 42391 (July 21, 2008) (SR-NYSEArca-2008-73) (notice of filing and immediate effectiveness of proposed rule change relating to trading of shares of 14 funds of the Commodities and Currency Trust pursuant to unlisted trading privileges). See also Securities Exchange Act Release Nos. 58161 (July 15, 2008), 73 FR 42380 (July 21, 2008) (SR-Amex-2008-39) (order approving listing and trading on the American Stock Exchange LLC of shares of 14 funds of the Commodities and Currency Trust); 57932 (June 5, 2008), 73 FR 33467 (June 12, 2008) (notice of proposed rule change regarding listing and trading of shares of 14 funds of the Commodities and Currency Trust).

each such trust.<sup>11</sup> After August 14, 2014, the London Silver Fix will no longer exist and it is, therefore, necessary for the Silver Trusts to change the benchmark price that each such trust uses for purposes of calculating the net asset value of such trust's shares. The sponsors of the Silver Trusts have represented that, on August 15, 2014, they intend to use the CME Group/Thomson Reuters price mechanism (the "London Silver Price") for purposes of determining the net asset value of shares of the Silver Trusts. Accordingly, the Exchange proposes to change the benchmark price used by the Silver Trusts for calculation of the net asset value of shares of each of such trust.

With respect to the Silver Funds, the existing "Underlying Benchmark" for each such fund is the U.S. dollar price of silver bullion as measured by the London Silver Fix.<sup>12</sup> The Silver Funds, therefore, similarly need to change the Underlying Benchmark for each such fund. The sponsor of the Silver Funds represents that it intends to change the Underlying Benchmark for the Silver Funds to the London Silver Price on August 15, 2014. Accordingly, the Exchange proposes to reflect a change in the Underlying Benchmark applicable to the Silver Funds.

#### The New London Silver Price Mechanism<sup>13</sup>

According to the ETFS Silver Registration Statement, as of August 15, 2014, CME Group will conduct an

<sup>11</sup> See *supra*, notes 6–9. See also Post-Effective Amendment No. 1 on Form S-3 under the 1933 Act for the iShares Silver Trust, dated April 2, 2014 (No. 333-191498) and Form 8-K for the iShares Silver Trust, filed on July 18, 2014; Post-Effective Amendment No. 1 on Form S-1 under the 1933 Act for the ETFS White Metals Basket Trust, filed with the Commission on August 13, 2014 (No. 333-195441); Post-Effective Amendment No. 1 on Form S-3 under the 1933 Act for the ETFS Precious Metals Basket Trust, filed with the Commission on August 13, 2014 (No. 333-195675); Post-Effective Amendment No. 1 on Form S-3 under the 1933 Act for the ETFS Silver Trust, filed with the Commission on August 8, 2014 (No. 333-195514) ("ETFS Silver Registration Statement").

<sup>12</sup> The ProShares Ultra Silver seeks daily investment results, before fees and expenses, that correspond to twice (200%) the daily performance of the Underlying Benchmark. The ProShares UltraShort Silver seeks daily investment results, before fees and expenses that correspond to twice the inverse (-200%) of the daily performance of the Underlying Benchmark. See Securities Exchange Act Release No. 58457 (September 3, 2008) (73 FR 52711) (September 10, 2008) (SR-NYSEArca-2008-91) (notice of filing and order granting accelerated approval of proposed rule change regarding listing and trading of shares of 14 funds of ProShares Trust II). See also, registration statement for the ProShares Trust II on Form S-1 under the 1933 Act, filed with the Commission on July 31, 2014 (No. 333-196885).

<sup>13</sup> The description herein of the London Silver Price mechanism is based, in part, on the ETFS Silver Registration Statement.

"equilibrium auction" once daily during London trading hours among LBMA-authorized participating bullion banks and market makers ("silver participants") that establishes a price which provides reference silver prices for that day's trading, often referred to as the "London Silver Price"<sup>14</sup> (Reuters Instrument Code: "LDNXAG"). The London Silver Price, determined according to the methodologies of CME Group and disseminated by Thomson Reuters, will be the silver valuation replacement for the London Silver Fix previously determined by the London Silver Market Fixing Ltd. that will be discontinued on August 14, 2014. The London Silver Price is anticipated to be the most widely used benchmark for daily silver prices and quoted by various financial information sources.

CME Group has established an electronic, over-the-counter, auction market for silver participants that discovers the London Silver Price over multiple auction rounds that begin at 12:00 noon London time each business day. The London Silver Price is the result of an "equilibrium auction" because it establishes a price for a troy ounce of silver London Good Delivery Bars<sup>15</sup> that will clear the maximum amount of bids and offers for silver entered by order-submitting silver participants each day. CME Group has indicated that it is expected that approximately six to seven silver participants having superior credit ratings (so-called "first tier participants") will be initially authorized to submit silver orders on the CME Group electronic system and that an additional number of bullion banks or brokers having lesser credit scores may also be silver participants. As the CME Group electronic silver auction market develops, CME Group expects to admit additional silver participants to the order submission process. Once the London Silver Price, which is calculated in US dollars, is established, Thomson Reuters will disseminate that day's London Silver Price to the markets and other market data providers such as Bloomberg via

<sup>14</sup> The term "London Silver Price" means the price for an ounce of silver set by LBMA-authorized participating bullion banks and market makers in the electronic, over-the-counter auction operated by CME Group at approximately 12:00 noon London time, on each working day and disseminated by Thomson Reuters.

<sup>15</sup> A London Good Delivery Bar is acceptable for delivery in settlement of a transaction on the OTC market. A London Good Delivery Bar must contain between 750 ounces and 1,100 ounces of silver with a minimum fineness (or purity) of 999.0 parts per 1,000. A London Good Delivery Bar must also bear the stamp of one of the refiners who are on the LBMA-approved list.

the Thomson Reuters Eikon and Elektron systems.

#### CME Group Auction Process

The CME Group auction process will begin with a notice of an auction round issued to silver participants before the commencement of the auction round stating a silver price in US dollars at which the auction round will be conducted. An auction round will last 30 seconds. Silver participants will electronically place bid and offer orders at the round's stated price and indicate whether the orders are for their own account or for the account of clients. All auction round order information other than the identity of those placing orders will be displayed electronically in real time for all silver participants. The CME Group system administrator will observe all auction round bid and offer order information, including the identity of those submitting orders. As long as the auction is open, silver participants may alter, change or withdraw their orders.

At the end of the auction round, the CME Group system will evaluate the equilibrium of the bid and offer orders submitted. If bid and offer orders indicate an imbalance outside of acceptable tolerances established for the CME Group system (e.g., too many purchase orders submitted compared to sell orders or vice versa), a CME Group system algorithm will calculate a new auction round price principally based on the volume weighting of bid and offer orders submitted in the immediately completed auction round. For instance, if the order imbalance indicates that purchase orders (bids) outweigh sales orders (offers), then the new auction round price will be increased over that used in the prior auction round. Likewise, the new auction round price will be decreased from the prior round's price if offers outweigh bids. To clear the imbalance, the CME Group system then will issue another notice of auction round to silver participants at the newly calculated price. During this next 30 second auction round, silver participants again will submit orders, and after it ends, the CME Group system will evaluate for order imbalances. If order imbalances persist, a new auction price will be calculated and a further auction round will occur. This auction round process will continue until an equilibrium within specified tolerances is determined to exist. Once the CME Group system determines that orders are in equilibrium within system tolerances, the auction process ends and the equilibrium auction round price becomes the London Silver Price.

The London Silver Price and all bid and offer order information for all auction rounds will become publicly available electronically via Thomson Reuters instantly after the conclusion of the equilibrium auction. The CME Group system also simultaneously matches bid and offer orders from the equilibrium auction for bilateral settlement among the silver participants. Orders reflecting any imbalance between bids and offers that are within the CME Group system tolerances will then be allocated to the first tier participants for settlement.

The London Silver Price is widely expected to be viewed as a full and fair representation of all market interest at the conclusion of the equilibrium auction. The CME Group's London Silver Price electronic auction methodology is similar to the non-electronic process previously used to establish the London Silver Fix where the London Silver Fix process adjusted the silver price up or down until all the buy and sell orders are matched, at which time the price was declared fixed. Nevertheless, the London Silver Price has several advantages over the previous London Silver Fix. The London Silver Price auction process will be fully transparent in real time to the silver participants and, at the close of each equilibrium auction, to the general public. The London Silver Price auction process also will be fully auditable by third parties since an audit trail exists from the time of each notice of an auction round. Moreover, the London Silver Price's audit trail and active, real time surveillance of the auction process by the CME Group system administrator combined with silver participants' agreement to abide by CME Group silver market rules and the Thomson Reuters code of conduct will deter manipulative and abusive conduct in establishing each day's London Silver Price.<sup>16</sup>

The Exchange believes the new London Silver Price mechanism will serve as an appropriate replacement to the London Silver Fix for purposes of determining the net asset value of shares of the Silver Trusts or as the Underlying Benchmark applicable to the Silver Funds because of the transparency of the auction process, the participation of an increased number of market

participants compared to the London Silver Fix, and the auditability of the silver pricing mechanism.

In connection with this proposed rule change, (1) the sponsors of the Silver Trusts will each issue a press release informing the public of the date a trust will first use the London Silver Price to value the silver held by a trust; (2) the sponsor of the Silver Funds will issue a press release informing the public of the date the Silver Funds will first use the London Silver Price as the basis for their respective Underlying Benchmark; (3) the sponsors will each file the applicable press release with the Commission by means of Form 8-K, which will be available on the applicable Silver Trust's or Silver Fund's Web site; and (4) the sponsors will each file an amendment to the applicable registration statement relating to the proposed change.<sup>17</sup>

The sponsors for the Silver Trusts and the Silver Funds represent that there is no change to the investment objective of the applicable Silver Trust or the Silver Funds from that described in the applicable proposed rule change.<sup>18</sup> The Silver Trusts and the Silver Funds will comply with all initial and continued listing requirements under NYSE Arca Equities Rule 8.201 or 8.200, respectively.

Except for the changes noted above, all other facts presented and representations made in the proposed rule changes referenced above remain unchanged.

All terms referenced but not defined herein are defined in the applicable proposed rule change referenced above.<sup>19</sup>

## 2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)<sup>20</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, according to the LBMA press release,<sup>21</sup> the new London Silver Price mechanism will be electronic, auction-based and auditable, and will be tradeable with an increased number of direct participants. The Exchange believes the new London Silver Price mechanism will serve as an appropriate replacement to the London Silver Fix for purposes of determining the net asset value of shares of the Silver Trusts or as the Underlying Benchmark applicable to the Silver Funds because of the transparency of the auction process, the participation of an increased number of market participants compared to the London Silver Fix, and the auditability of the silver pricing mechanism. All auction round order information other than the identity of those placing orders will be displayed electronically in real time for all silver participants. The CME Group system administrator will observe all auction round bid and offer order information, including the identity of those submitting orders. In addition, the London Silver Price and all bid and offer order information for all auction rounds will become publicly available electronically via Thomson Reuters instantly after the conclusion of the equilibrium auction, as described above.

The proposed change will permit the Silver Trusts and Silver Funds to continue to function as silver-based exchange-traded products by utilizing a new silver price mechanism to replace the London Silver Fix, which is not expected to be available after August 14, 2014, and that will provide a sound and reasonable basis for calculation of net asset value or will provide a suitable Underlying Benchmark, as applicable. Such price will be widely disseminated by one or more major market data vendors and/or exchanges. Prior to or following the effectiveness of this proposed rule change, (1) the sponsors of the Silver Trusts will each issue a press release informing the public of the date a trust will first use the London Silver Price to value the silver held by a trust; (2) the sponsor of the Silver Funds will issue a press release informing the public of the date the Silver Funds will first use the London Silver Price as the basis for their respective Underlying Benchmark; (3) the sponsors of the Silver Trusts and Silver Funds will each file the applicable press release with the Commission by means of Form 8-K, which will be available on the applicable Silver Trust's or Silver Fund's Web site; and (4) the sponsors of the Silver Trusts and Silver Funds will

<sup>16</sup> According to LBMA, the Prudential Regulation Authority (PRA) at the Bank of England now has overall responsibility for the prudential regulation of banks, building societies, credit unions, insurers and major investment firms, many of whom are active in the bullion market. The conduct of financial institutions is overseen by the Financial Conduct Authority (FCA), which was formed from the former Financial Services Authority and is separate from the Bank of England.

<sup>17</sup> The sponsors for the Silver Trusts and the Silver Funds represent that they will manage the Silver Trusts and the Silver Funds in the manner described in the applicable proposed rule change (*see supra*, notes 6–10), and will not implement the changes described herein until the instant proposed rule change is operative.

<sup>18</sup> *See supra*, notes 6–10.

<sup>19</sup> *See supra*, notes 6–10.

<sup>20</sup> 15 U.S.C. 78f(b)(5).

<sup>21</sup> *See supra*, note 5.

each file an amendment to the applicable registration statement under the 1933 Act relating to the proposed change. Such press releases and registration statement amendments will protect investors and the public interest by providing notification to investors of the new silver price mechanism prior to the use of the London Silver Price by the Silver Trusts and Silver Funds. The sponsors for the Silver Trusts and Silver Funds represent that there is no change to the investment objective of the applicable trust or the Silver Funds from that described in the applicable proposed rule change. The Silver Trusts and Silver Funds will comply with all initial and continued listing requirements under NYSE Arca Equities Rule 8.201 or 8.200, respectively. Except for the changes noted above, all other facts presented and representations made in proposed rule changes referenced above remain unchanged.

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 the London Silver Price auction process will be fully transparent in real time to the silver participants and, at the close of each equilibrium auction, to the general public. The London Silver Price auction process also will be fully auditable by third parties since an audit trail exists from the time of each notice of an auction round. Moreover, the London Silver Price's audit trail and active, real time surveillance of the auction process by the CME Group system administrator combined with silver participants' agreement to abide by CME Group silver market rules and the Thomson Reuters code of conduct will deter manipulative and abusive conduct in establishing each day's London Silver Price. The Silver Trusts and Silver Funds will continue to be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Equities Rule 8.201 and 8.200, respectively. Except for the changes noted above, all other facts presented and representations made in proposed rule changes referenced above remain unchanged.<sup>22</sup>

#### *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 purposes of the Act. The proposed change will permit the Silver Trusts and Silver Funds to continue to

function as silver-based exchange-traded products by utilizing a new silver price mechanism to replace the London Silver Fix, which is not expected to be available after August 15, 2014, and that will provide a sound and reasonable basis for calculation of net asset value or will provide a suitable Underlying Benchmark, as applicable.

#### *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 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, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>23</sup> and Rule 19b-4(f)(6) thereunder.<sup>24</sup>

The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange states that the proposed change will provide additional transparency to silver pricing compared to the previous London Silver Fix for several reasons. The Exchange represents that the London Silver Price auction process is fully auditable by third parties, and an audit trail will exist from the time of each notice of an auction round. Moreover, the Exchange represents there will be active, real time surveillance of the auction process by the CME Group system administrator. The Exchange also represents that the initial number of silver participants expected to participate in the auction process (approximately six to seven) exceeds the number of market participants determining the London Silver Fix prior to August 15, 2014, and will contribute to the integrity and reliability of the pricing process. The Commission believes that waiver of the

<sup>23</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>24</sup> 17 CFR 240.19b-4(f)(6). As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and the text of 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.

operative delay is consistent with the protection of investors and the public interest. Waiver of the operative delay will allow the Silver Trusts and the Silver Funds, which are actively traded and widely held exchange-traded products, to use the London Silver Price as the basis for calculating net asset value or as an Underlying Benchmark, as applicable, by August 15, 2014, thereby facilitating the transition to the new price mechanism without disruption in trading. Therefore, the Commission designates the proposed rule change to be operative upon filing.<sup>25</sup>

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)<sup>26</sup> of the Act to determine whether the proposed rule change should be approved or disapproved.

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

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### *Electronic Comments*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEArca-2014-88 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-2014-88. 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

<sup>25</sup> For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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

<sup>22</sup> See *supra*, notes 6-10.

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 Section, 100 F Street NE., Washington, DC 20549, on official business days between 10 a.m. and 3 p.m. Copies of the filing will also be available for inspection and copying at the NYSE's principal office and on its Internet Web site at [www.nyse.com](http://www.nyse.com). 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-2014-88 and should be submitted on or before September 10, 2014.

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

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

[FR Doc. 2014-19703 Filed 8-19-14; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72844; File No. SR-EDGA-2014-22]

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

August 14, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on August 11, 2014, EDGA Exchange, Inc. (the "Exchange" or "EDGA") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which items have been prepared by the self-regulatory organization. The Commission is publishing this notice to

solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend its fees and rebates applicable to Members<sup>3</sup> of the Exchange pursuant to EDGA Rule 15.1(a) and (c) ("Fee Schedule") to: (1) harmonize the definitions of Average Daily Trading Volume ("ADV") and Total Consolidated Volume ("TCV") with those contained in the BATS Exchange, Inc. ("BATS") and BATS-Y Exchange, Inc. ("BYX") fee schedules; and (2) amend the criteria of both Step-Up Tier 1 and Step-Up Tier 2 under Footnote 4.

The text of the proposed rule change is available on the Exchange's Internet Web site at [www.directedge.com](http://www.directedge.com), at the Exchange's principal office, and at the Public Reference Room of the Commission.

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

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

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

###### 1. Purpose

The Exchange proposes to amend its Fee Schedule to: (1) Harmonize the definitions of ADV and TCV with those contained in the BATS and BYX fee schedules; and (2) amend the criteria of both Step-Up Tier 1 and Step-Up Tier 2 under Footnote 4.

###### ADV and TCV Definitions

On January 31, 2014, Direct Edge Holdings LLC ("DE Holdings"), the former parent company of the Exchange, completed its business combination with BATS Global Markets, Inc., the

parent company of BATS and BYX.<sup>4</sup> As part of its effort to reduce regulatory duplication and relieve firms that are members of the Exchange, BATS, and BYX of conflicting or unnecessary regulatory burdens, the Exchange is now engaged in the process of reviewing and amending certain Exchange, BATS, and BYX Rules. To conform to comparable BATS and BYX rules for purposes of its harmonization efforts due to its business combination, the Exchange proposes to amend the definitions of ADV and TCV to make each definition similar to those contained in the BATS and BYX fee schedules.

Currently, the Exchange determines the liquidity adding reduced fee that it will provide to Members based on the Exchange's tiered pricing structure based on the calculation of ADV,<sup>5</sup> and/or average daily TCV.<sup>6</sup> Like BATS and BYX, the Exchange currently excludes from its definition of ADV and TCV days where its system experiences a disruption that lasts for more than 60 minutes during Regular Trading Hours,<sup>7</sup> and the last Friday in June (the "Russell Reconstitution Day"). BATS and BYX also exclude from its definitions of ADV and TCV days with a scheduled early market close.<sup>8</sup> Similarly, the General Notes section of the Exchange's Fee Schedule states that trading activity on days when the market closes early are

<sup>4</sup> See Securities Exchange Act Release No. 71449 (January 30, 2014), 79 FR 6961 (February 5, 2014) (SR-EDGA-2013-34). Upon completion of the combination, DE Holdings and BATS Global Markets, Inc. each became intermediate holding companies, held under a single new holding company. The new holding company, formerly named "BATS Global Markets Holdings, Inc.," changed its name to "BATS Global Markets, Inc."

<sup>5</sup> As provided in the Fee Schedule, "ADV" is currently defined as "the average daily volume of shares that a Member executed on the Exchange for the month in which the fees are calculated. ADV is calculated on a monthly basis, excluding shares on any day that the Exchange's system experiences a disruption that lasts for more than 60 minutes during Regular Trading Hours ("Exchange System Disruption") and on the last Friday in June (the "Russell Reconstitution Day"). With prior notice to the Exchange, a Member may aggregate ADV with other Members that control, are controlled by, or are under common control with such Member (as evidenced on such Member's Form BD)."

<sup>6</sup> As provided in the Fee Schedule, "TCV" is currently defined as "the volume reported by all exchanges and trade reporting facilities to the consolidated transaction reporting plans for Tapes A, B and C securities for the month in which the fees are calculated, excluding volume on any day that the Exchange experiences an Exchange System Disruption or the Russell Reconstitution Day."

<sup>7</sup> "Regular Trading Hours" is defined as "the time between 9:30 a.m. and 4:00 p.m. Eastern Time." See Exchange Rule 1.5(y).

<sup>8</sup> See Securities Exchange Act Release Nos. 72590 (July 10, 2014), 79 FR 41605 (July 16, 2014) (SR-BYX-2014-009); and 72589 (July 10, 2014), 79 FR 41618 (July 16, 2014) (SR-BATS-2014-025).

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

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

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

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