information regarding trading in the Shares, exchange-listed equity securities, futures contracts and exchange-listed options contracts from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. The Commission also notes that FINRA, on behalf of the Exchange, is able to access, as needed, trade information for certain fixed income securities held by the Fund reported to FINRA's Trade Reporting and Compliance Engine.[43] The Exchange states that it has a general policy prohibiting the distribution of material, non-public information by its employees.[44] The Exchange represents that neither the Adviser or the Sub-Adviser is a broker-dealer and are not affiliated with a broker-dealer, and that in the event (a) the Adviser or Sub-Adviser becomes, or becomes newly affiliated with, a broker-dealer, or (b) any new adviser or sub-adviser is, or becomes affiliated with, a broker-dealer, it will implement a fire wall with respect to its relevant personnel or broker-dealer affiliate, as applicable, regarding access to information concerning the composition and/or changes to the portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio.[45]

The Exchange represents that the Shares are deemed to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities.

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

(1) The Shares will conform to the initial and continued listing criteria under NYSE Arca Equities Rule 8.600.

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

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

(4) Prior to the commencement of trading, the Exchange will inform its Equity Trading Permit Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. Specifically, the Information Bulletin will discuss the following: (a) The procedures for purchases and redemptions of Shares in Creation Units (and that Shares are not individually redeemable); (b) NYSE Arca Equities Rule 9.2(a), which imposes a duty of due diligence on its Equity Trading Permit Holders to learn the essential facts relating to every customer prior to trading the Shares; (c) the risks involved in trading the Shares during the Opening and Late Trading Sessions when an updated Portfolio Indicative Value will not be calculated or publicly disseminated; (d) how information regarding the Portfolio Indicative Value is disseminated; (e) the requirement that Equity Trading Permit Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (f) trading information.

(5) For initial and continued listing, the Fund will be in compliance with Rule 10A–3 under the Exchange Act,[46] as provided by NYSE Arca Equities Rule 5.3.

(6) The Fund may hold up to an aggregate amount of 15% of its net assets (calculated at the time of investment) in assets deemed illiquid by the Adviser, consistent with Commission guidance.

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

(8) Not more than 10% of the net assets of the Fund in the aggregate shall consist of options 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.

(9) The Fund will limit investments in ABS and MBS that are issued or guaranteed by non-government entities to 15% of the Fund's net assets.

(10) ADRs traded OTC will comprise no more than 10% of the Fund's net assets,

(11) All equity securities except for ADRs traded OTC will trade on markets that are members of the ISG or that have entered into a comprehensive surveillance agreement with the Exchange.

For the foregoing reasons, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act[47] and the rules and regulations thereunder applicable to a national securities exchange.

III. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[48] that the proposed rule change (SR–NYSEArca–2014–71) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[49]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014–22117 Filed 9–16–14; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–73075; File No. SR–ICEEU–2014–12]

Self-Regulatory Organizations; ICE Clear Europe Limited; Order Granting Approval of Proposed Rule Change to Liquidity Policies Relating to EMIR

September 11, 2014.

I. Introduction

On July 25, 2014, ICE Clear Europe Limited (''ICE Clear Europe'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change SR–ICEEU–2014–12 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4 thereunder.[2] The proposed rule change was

[43] *See* Notice, *supra* note 4, 79 FR at 44887.

[44] *See id.*

[45] *See* text accompanying note 7, *supra.* An investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 (''Advisers Act''). As a result, the Adviser and its 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, Rule 206(4)–7 under the Advisers Act 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 (who is a supervised person) responsible for administering the policies and procedures adopted under subparagraph (i) above.

[46] 17 CFR 240.10A–3.

[47] 15 U.S.C. 78f(b)(5).

[48] 15 U.S.C. 78s(b)(2).

[49] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

published for comment in the **Federal Register** on August 11, 2014.[3] The Commission received no comment letters regarding the proposed change. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

II. Description of the Proposed Rule Change

ICE Clear Europe is proposing this change to revise and formalize certain ICE Clear Europe liquidity policies and procedures, and to facilitate compliance with requirements under the European Market Infrastructure Regulation (including regulations thereunder, ''EMIR'') [4] that will apply to ICE Clear Europe as an authorized central counterparty.

ICE Clear Europe proposes to revise its existing Liquidity Risk Management Framework (''LRMF'') and to adopt a separate Liquidity Plan that formalizes certain procedures and internal processes relating to liquidity objectives and monitoring, testing and decision-making relating to sufficiency of liquidity resources. In ICE Clear Europe's view, the creation of the Liquidity Plan does not materially change existing procedures and processes but is intended to formalize them, in order to be consistent with requirements under EMIR.

ICE Clear Europe states that the Liquidity Plan has been drafted in accordance with Article 32 of the Regulatory Technical Standards implementing EMIR.[5] ICE Clear Europe represents that, consistent with Article 32, the stated objectives of the Liquidity Plan are to: (i) Identify sources of liquidity risk; (ii) manage and monitor liquidity needs across a range of stressed market scenarios; (iii) maintain sufficient and distinct financial resources to cover liquidity needs; (iv) assess and value the liquid assets available to the clearing house and its liquidity needs; (v) assess timescales over which liquid financial resources should be available; (vi) manage a liquidity shortfall event; (vi) replace financial resources used in a liquidity shortfall event; and (vii) assess potential liquidity needs stemming from Clearing Members ability to swap cash for non-cash collateral. ICE Clear Europe also states that the Liquidity Plan reflects requirements and guidance of the Bank of England.

ICE Clear Europe states that the Liquidity Plan contains details about its liquidity monitoring, stress testing, reporting and management procedures. ICE Clear Europe represents that, with respect to monitoring, it uses various systems and processes to ascertain the status of settlements at the start of the day, intra-day and at the end of day, as well as the status of related investment activity during the day. ICE Clear Europe contends that any deviation from established tolerance levels will be escalated in accordance with the Liquidity Plan. ICE Clear Europe also states that the Liquidity Plan uses certain ''Key Risk & Performance Indicators'' to ensure compliance with the investment policies in light of ICE Clear Europe's credit and liquidity requirements, based on a number of investment categories and tenor categories.

ICE Clear Europe states that its Liquidity Plan identifies various sources of liquidity risks, including exposure to settlement banks, custodian banks, liquidity providers, investment counterparties, payment systems, clearing members and other service providers, and provides for regular stress testing based on those risks. According to ICE Clear Europe, the Liquidity Plan also addresses liquidity risk tolerances and appetite limits established by its Board in connection with stress testing. ICE Clear Europe also states that stress testing is conducted using a range of scenarios, including both historical scenarios and forward-looking scenarios involving extreme but plausible market events and conditions and that both types of scenarios simulate extreme but plausible losses arising from the default of the clearing members with the two largest liquidity exposures, consistent with EMIR requirements. ICE Clear Europe also claims that the scenarios address the required level of liquidity resources in a range of other conditions in the relevant currencies used by ICE Clear Europe, including defaults of investment counterparties, settlement banks, Nostro agents, intraday liquidity providers and other service providers, market infrastructure failures and other systemic events (and combinations thereof). According to ICE Clear Europe, historical scenarios are run on a single day, and a historical trend is kept, while forward-looking scenarios project these cash flows over the coming eight-day period.

According to ICE Clear Europe, its Liquidity Plan also specifies procedures for liquidity management in cases of potential liquidity stress. ICE Clear Europe states that it has defined a series of liquidity events and stress situations, ordered by severity, which trigger a notification to the relevant level of management and, if further escalation is required, the Board. ICE Clear Europe also states that the Liquidity Plan outlines actions that may be taken in each situation to address the liquidity event or stress.

ICE Clear Europe contends that the Liquidity Plan provides for daily, weekly and monthly reporting requirements to relevant levels of clearing house management, Board risk committee, the Board and regulators, as appropriate. In addition, ICE Clear Europe states that the Liquidity Plan establishes a protocol for breaches and liquidity events, which includes reporting and escalation based on the severity of the event, mitigating actions and replenishment of liquidity and that the Liquidity Plan also provides for periodic testing of liquidity resources to ensure that they are ''highly reliable'' within the meaning of Article 44 of EMIR.

ICE Clear Europe states that, as part of the specified governance process, the Liquidity Plan will be reviewed by management and must be approved by the Board annually following consultation with the Board risk committee, and that deviations and interim changes similarly require Board approval following consultation with the Board risk committee.

According to ICE Clear Europe, it has also revised its LRMF to reflect the adoption of the new, separate Liquidity Plan (and the two documents together are intended to reflect the clearing house's approach to liquidity management). ICE Clear Europe states that various sections of the LRMF have been modified to improve clarity and readability. ICE Clear Europe further states that, as revised, the LRMF specifies the objectives of liquidity management, and references relevant policies, including investment policies, collateral management and haircut policies, stress testing policies and operational risk management policies. ICE Clear Europe also states that the LRMF also addresses the policies for establishing liquidity risk tolerances and appetites, the range of relevant stress scenarios (which are derived from the CPSS–IOSCO Principles for Financial Market Infrastructures and Regulatory Technical Standards Article

[3] Securities Exchange Act Release No. 34–72761 (August 5, 2014), 79 FR 46894 (August 11, 2014) (SR–ICEEU–2014–12).

[4] Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.

[5] Commission Delegated Regulation (EU) No. 153/2013 of 9 December 2012 Supplementing Regulation (EU) No. 648/2012 of the European Parliament and of the Council with regard to Regulatory Technical Standards on Requirements for Central Counterparties (the ''Regulatory Technical Standards'').

32.4), reverse stress testing requirements in accordance with Regulatory Technical Standards Article 49, and the resources the clearing house will treat as available for liquidity management purposes. ICE Clear Europe also contends that the LRMF specifies further procedures concerning liquidity shortfalls and replenishment, complementing the provisions set forth in the Liquidity Plan and specifies procedures for internal review and governance over the liquidity policies, as well as procedures for exceptions and breaches of risk tolerance or risk appetite levels.

III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act[6] directs the Commission to approve a proposed rule change of a self-regulatory organization if the Commission finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such self-regulatory organization. Section 17A(b)(3)(F) of the Act[7] requires, among other things, that the rules of a clearing agency are designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions, to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible and, in general, to protect investors and the public interest.

The Commission finds that the proposed rule change is consistent with Section 17A of the Act[8] and the rules thereunder applicable to ICE Clear Europe. The revised policies address the liquidity resources and procedures for testing the adequacy of those resources in a range of scenarios, including scenarios involving extreme but plausible market conditions. Furthermore, the revised policies would provide further clarity as to the steps ICE Clear Europe may take when confronted with a potential liquidity shortfall or similar event. The proposed revisions are thereby reasonably designed to enhance the ability of the clearing house to assess potential liquidity events that may impact its ability to conduct settlements for cleared transactions and its ability to avoid or manage such events and continue clearing house operations. As such, the Commission believes that the changes will promote the prompt and accurate settlement of securities and derivatives transactions, and therefore are consistent with the requirements of the Act and the rules and regulations thereunder applicable to ICE Clear Europe, in particular, to Section 17(A)(b)(3)(F).

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act[9] and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[10] that the proposed rule change (File No. SR–ICEEU–2014–12) be, and hereby is, approved.[11]

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[12]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014–22113 Filed 9–16–14; 8:45 am]

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[6] 15 U.S.C. 78s(b)(2)(C).

[7] 15 U.S.C. 78q–1(b)(3)(F).

[8] 15 U.S.C. 78q–1.

[9] 15 U.S.C. 78q–1.

[10] 15 U.S.C. 78s(b)(2).

[11] In approving the proposed rule change, the Commission considered the proposal's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

[12] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–73083; File No. SR–EDGX–2014–18]

Self-Regulatory Organizations; EDGX Exchange, Inc.; Notice of Designation of Longer Period for Commission Action on Proposed Rule Change Relating To Include Additional Specificity Within Rule 1.5 and Chapter XI Regarding Current System Functionality Including the Operation of Order Types and Order Instructions

September 11, 2014.

On July 16, 2014, EDGX Exchange, Inc. (the ''Exchange'' or ''EDGX'') filed with the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4 thereunder,[2] a proposed rule change to amend Rule 1.5 and Chapter XI of its rule book to include additional specificity regarding the current functionality of the Exchange's System,[3] including the operation of its order types and order instructions, and to describe certain new system functionality. The proposed rule change was published for comment in the **Federal Register** on July 31, 2014.[4] The Commission received one comment letter.[5]

Section 19(b)(2) of the Act[6] provides that within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether these proposed rule changes should be disapproved. The 45th day for this filing is September 14, 2014.

The Commission is extending the 45-day time period for Commission action on the proposed rule change. The Commission finds that it is appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider and take action on the Exchange's proposed rule change.

Accordingly, pursuant to Section 19(b)(2)(A)(ii)(I) of the Act[7] and for the reasons stated above, the Commission designates October 29, 2014, as the date by which the Commission should either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change (File No. SR–EDGX–2014–18).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[8]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014–22118 Filed 9–16–14; 8:45 am]

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[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] Exchange Rule 1.5(cc) defines ''System'' as ''the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away.''

[4] *See* Securities Exchange Act Release No. 72676 (July 25, 2014), 79 FR 44520.

[5] *See* Letter from Suzanne H. Shatto, dated August 19, 2014.

[6] 15 U.S.C. 78s(b)(2).

[7] 15 U.S.C. 78s(b)(2)(A)(ii)(I).

[8] 17 CFR 200.30–3(a)(31).