

ownership interests, to effectuate purchases and redemptions in-kind. The deposit procedures for in-kind purchases of Creation Units and the redemption procedures for in-kind redemptions of Creation Units will be the same for all purchases and redemptions and Deposit Instruments and Redemption Instruments will be valued in the same manner as those investment positions currently held by the Funds. Applicants also seek relief from the prohibitions on affiliated transactions in section 17(a) to permit a Fund to sell its shares to and redeem its shares from a Fund of Funds, and to engage in the accompanying in-kind transactions with the Fund of Funds.<sup>3</sup> The purchase of Creation Units by a Fund of Funds directly from a Fund will be accomplished in accordance with the policies of the Fund of Funds and will be based on the NAVs of the Funds.

9. Applicants also request relief to permit a Feeder Fund to acquire shares of another registered investment company managed by the Adviser having substantially the same investment objectives as the Feeder Fund (“Master Fund”) beyond the limitations in section 12(d)(1)(A) and permit the Master Fund, and any principal underwriter for the Master Fund, to sell shares of the Master Fund to the Feeder Fund beyond the limitations in section 12(d)(1)(B).

10. Section 6(c) of the Act permits the Commission to exempt any persons or transactions from any provision of the Act if such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Section 12(d)(1)(J) of the Act provides that the Commission may exempt any person, security, or transaction, or any class or classes of persons, securities, or transactions, from any provision of section 12(d)(1) if the exemption is consistent with the public interest and the protection of investors. Section 17(b) of the Act authorizes the Commission to grant an order permitting a transaction otherwise prohibited by section 17(a) if it finds that (a) the terms of the proposed transaction are fair and reasonable and do not involve overreaching on the part

of any person concerned; (b) the proposed transaction is consistent with the policies of each registered investment company involved; and (c) the proposed transaction is consistent with the general purposes of the Act.

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

**Brent J. Fields,**  
Secretary.

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**BILLING CODE 8011–01–P**

## SECURITIES AND EXCHANGE COMMISSION

### Submission for OMB Review; Comment Request

*Upon Written Request, Copies Available From:* Securities and Exchange Commission Office of Investor Education and Advocacy Washington, DC 20549–0213.

Extension:

Rule 17a–6; SEC File No. 270–506, OMB Control No. 3235–0564.

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501), the Securities and Exchange Commission (“Commission”) has submitted to the Office of Management and Budget (“OMB”) a request for extension of the previously approved collection of information discussed below.

Section 17(a) of the Investment Company Act of 1940 (the “Act”) generally prohibits affiliated persons of a registered investment company (“fund”) from borrowing money or other property from, or selling or buying securities or other property to or from, the fund or any company that the fund controls.<sup>1</sup> Rule 17a–6 (17 CFR 270.17a–6) permits a fund and a “portfolio affiliate” (a company that is an affiliated person of the fund because the fund controls the company, or holds five percent or more of the company’s outstanding voting securities) to engage in principal transactions that would otherwise be prohibited under section 17(a) of the Act under certain conditions. A fund may not rely on the exemption in the rule to enter into a principal transaction with a portfolio affiliate if certain prohibited participants (e.g., directors, officers, employees, or investment advisers of the fund) have a financial interest in a party to the transaction. Rule 17a–6 specifies certain interests that are not “financial interests,” including any interest that the fund’s board of

directors (including a majority of the directors who are not interested persons of the fund) finds to be not material. A board making this finding is required to record the basis for the finding in its meeting minutes. This recordkeeping requirement is a collection of information under the Paperwork Reduction Act of 1995 (“PRA”).<sup>2</sup>

The rule is designed to permit transactions between funds and their portfolio affiliates in circumstances in which it is unlikely that the affiliate would be in a position to take advantage of the fund. In determining whether a financial interest is “material,” the board of the fund should consider whether the nature and extent of the interest in the transaction is sufficiently small that a reasonable person would not believe that the interest affected the determination of whether to enter into the transaction or arrangement or the terms of the transaction or arrangement. The information collection requirements in rule 17a–6 are intended to ensure that Commission staff can review, in the course of its compliance and examination functions, the basis for a board of director’s finding that the financial interest of an otherwise prohibited participant in a party to a transaction with a portfolio affiliate is not material.

Based on staff discussions with fund representatives, we estimate that funds currently do not rely on the exemption from the term “financial interest” with respect to any interest that the fund’s board of directors (including a majority of the directors who are not interested persons of the fund) finds to be not material. Accordingly, we estimate that annually there will be no principal transactions under rule 17a–6 that will result in a collection of information.

The Commission requests authorization to maintain an inventory of one burden hour to ease future renewals of rule 17a–6’s collection of information analysis should funds rely on this exemption to the term “financial interest” as defined in rule 17a–6.

The estimate of burden hours is made solely for the purposes of the Paperwork Reduction Act. The estimate is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules. Complying with this collection of information requirement is necessary to obtain the benefit of relying on rule 17a–6. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

<sup>3</sup> The requested relief would apply to direct sales of shares in Creation Units by a Fund to a Fund of Funds and redemptions of those shares. Applicants, moreover, are not seeking relief from section 17(a) for, and the requested relief will not apply to, transactions where a Fund could be deemed an Affiliated Person, or a Second-Tier Affiliate, of a Fund of Funds because an Adviser or an entity controlling, controlled by or under common control with an Adviser provides investment advisory services to that Fund of Funds.

<sup>1</sup> 15 U.S.C. 80a–17(a).

<sup>2</sup> 44 U.S.C. 3501.

The public may view the background documentation for this information collection at the following Web site, [www.reginfo.gov](http://www.reginfo.gov). Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or by sending an email to: [Shagufta Ahmed@omb.eop.gov](mailto:Shagufta.Ahmed@omb.eop.gov); and (ii) Pamela Dyson, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street NE., Washington, DC 20549 or send an email to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov). Comments must be submitted to OMB within 30 days of this notice.

Dated: November 1, 2016.

**Brent J. Fields,**  
Secretary.

[FR Doc. 2016-26785 Filed 11-4-16; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-79211; File No. SR-NYSEArca-2016-100]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Order Instituting Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change, as Modified by Amendment No. 1, To List and Trade Shares of the Direxion Daily Municipal Bond Taxable Bear 1X Fund under NYSE Arca Equities Rule 5.2(j)(3)

November 1, 2016.

#### I. Introduction

On July 13, 2016, NYSE Arca, Inc. (“Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Exchange Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to list and trade shares (“Shares”) of the Direxion Daily Municipal Bond Taxable Bear 1X Fund (“Fund”), a series of the Direxion Shares ETF Trust (“Trust”). The proposed rule change was published for comment in the **Federal Register** on August 3, 2016.<sup>3</sup> On September 14, 2016, pursuant to Section 19(b)(2) of the Act,<sup>4</sup> the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed

rule change, or institute proceedings to determine whether to disapprove the proposed rule change.<sup>5</sup> On September 15, 2016, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>6</sup> The Commission received no comments on the proposed rule change. This order institutes proceedings under Section 19(b)(2)(B) of the Act<sup>7</sup> to determine whether to approve or disapprove the proposed rule change, as modified by Amendment No. 1.

#### II. The Exchange’s Description of the Proposal

The Exchange proposes to list and trade the Shares under NYSE Arca Equities Rule 5.2(j)(3), Commentary .02, which governs the listing and trading of Investment Company Units based on fixed income securities indexes. The Fund is a series of the Trust.<sup>8</sup> Rafferty Asset Management, LLC would be the investment adviser to the Fund. Foreside Fund Services, LLC will be the distributor of the Fund’s Shares. The Bank of New York Mellon would serve as the accounting agent, custodian, and transfer agent for the Fund. U.S. Bancorp Fund Services, LLC will serve as the Fund’s administrator.<sup>9</sup>

The Standard & Poor’s National AMT-Free Municipal Bond Index (“Index”) would be the Fund’s benchmark.<sup>10</sup> The Index is a broad, comprehensive, market value-weighted index designed to measure the performance of the tax-exempt, investment-grade U.S.

<sup>5</sup> See Securities Exchange Act Release No. 78840, 81 FR 64552 (September 20, 2016). The Commission designated November 1, 2016, as the date by which the Commission shall either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.

<sup>6</sup> In Amendment No. 1, which replaced the original filing in its entirety, the Exchange: (1) Revised the description of the Fund’s principal investments and (2) made other technical amendments. Amendment No. 1 is available at <https://www.sec.gov/comments/sr-nysearca-2016-100/nysearca2016100-1.pdf>.

<sup>7</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>8</sup> The Trust is registered under the Investment Company Act of 1940 (“1940 Act”). According to the Exchange, on February 29, 2016, the Trust filed a registration statement on Form N-1A under the Securities Act of 1933 and the 1940 Act (File Nos.: 811-22201 and 333-150525).

<sup>9</sup> Additional information regarding the Trust, the Fund, and the Shares, including investment strategies, risks, creation and redemption procedures, fees, portfolio holdings, disclosure policies, calculation of the NAV, distributions, and taxes, among other things, can be found in Amendment No. 1 and the Registration Statement, as applicable. See Amendment No. 1, *supra* note 6 and Registration Statement, *supra* note 8.

<sup>10</sup> The S&P Dow Jones Indices is the “Index Provider” with respect to the Index. The Index Provider is not a broker-dealer or affiliated with a broker-dealer and has implemented procedures designed to prevent the use and dissemination of material, non-public information regarding the Index.

municipal bond market. The Fund would seek daily inverse investment results of the Index but would not seek to achieve its stated investment objective over a period of time greater than one day. Further, the Fund might gain inverse exposure to only a representative sample of the securities in the Index that have aggregate characteristics similar to those of the Index. The Fund would gain this inverse exposure by investing in a combination of Financial Instruments (defined below) that provide inverse exposure to the underlying securities of the Index. The Fund would not seek income that is exempt from federal, state, or local income taxes.

#### A. The Fund’s Principal Investments

The Fund would seek to track 100% of the inverse of the daily performance of the Index. Under normal circumstances, the Fund would create net short positions by investing at least 80% of the Fund’s assets (plus any borrowings for investment purposes) in the following financial instruments (“Financial Instruments”): Options on exchange-traded funds (“ETFs”) and indices, traded on U.S. exchanges (based on gross notional value); swaps that provide short exposure to the securities included in the Index and various ETFs (based on gross notional value); and short positions in ETFs, as described below in this section, that, in combination, provide inverse exposure to the Index.

The Fund might invest in options that provide short exposure to the Index or various ETFs, including iShares National Muni Bond ETF, SPDR Nuveen Barclays Municipal Bond ETF, iShares Short-term National Muni Bond ETF, SPDR Nuveen Barclays Short-Term Municipal Bond ETF, Market Vectors High-Yield Municipal Index ETF, SPDR Nuveen S&P High Yield Municipal Bond ETF, Market Vectors AMT-Free Intermediate Municipal Index ETF, PowerShares National AMT-Free Municipal Bond Portfolio, Vanguard Tax-Exempt Bond ETF, and the PIMCO Intermediate Municipal Bond Active Exchange-Traded Fund.

The Fund might invest in swaps that provide short exposure to the securities included in the Index and various ETFs, including iShares National Muni Bond ETF, SPDR Nuveen Barclays Municipal Bond ETF, iShares Short-Term National Muni Bond ETF, SPDR Nuveen Barclays Short-Term Municipal Bond ETF, Market Vectors High-Yield Municipal Index ETF, SPDR Nuveen S&P High Yield Municipal Bond ETF, Market Vectors AMT-Free Intermediate Municipal Index ETF, PowerShares

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

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

<sup>3</sup> See Securities Exchange Act Release No. 78433 (July 28, 2016), 81 FR 51241.

<sup>4</sup> 15 U.S.C. 78s(b)(2).