

Specifically, the Information Circular will discuss the following: (a) The procedures for purchases and redemptions of Shares in creation units (and that Shares are not individually redeemable); (b) Nasdaq Rule 2111A, which imposes suitability obligations on Nasdaq members with respect to recommending transactions in the Shares to customers; (c) how information regarding the Intraday Indicative Value is disseminated; (d) the risks involved in trading the Shares during the Pre-Market and Post-Market Sessions when an updated Intraday Indicative Value will not be calculated or publicly disseminated; (e) the requirement that members 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 must be in compliance with Rule 10A-3 under the Act.³⁹

(6) Under normal market conditions, the Fund will invest at least 80% of its total assets in Convertible Securities.

(7) The Adviser expects that, under normal market conditions, generally, for a Convertible Security to be considered as an eligible investment, after taking into account such an investment, at least 75% of the Fund's net assets that are invested in Convertible Securities will be invested in Convertible Securities that will have at the time of original issuance \$200 million or more par amount outstanding.

(8) At least 90% of the Fund's net assets that are invested in Exchange-Listed Convertible Securities; ETNs; Depositary Receipts, BDCs, Post-Conversion Underlying Securities, and other Equity Securities; exchange-listed equity index futures contracts; and exchange-listed index credit default swaps (in the aggregate) will be invested in investments that trade in markets that are members of ISG or are parties to a comprehensive surveillance sharing agreement with the Exchange. Further, at least 90% of the Underlying Securities corresponding to the pre-conversion Convertible Securities held by the Fund (measured by par value) will trade in markets that are members of ISG or parties to a comprehensive surveillance sharing agreement with the Exchange.

(9) The Fund's investments in options will be limited to options that represent a component of a synthetic convertible security, and any such options will be exchange-listed. The Fund will limit its investments in synthetic convertible

securities to 10% of its net assets (calculated at the time of investment).

(10) The Fund may invest in exchange-listed equity index futures contracts, in exchange-listed and OTC index credit default swaps, and in forward foreign currency exchange contracts; however, the Fund will limit the aggregate notional value of its positions in these instruments (calculated at the time of investment) to 20% of the value of its net assets.

(11) The Fund intends to enter into repurchase agreements only with financial institutions and dealers believed by the Adviser or the Sub-Adviser to present minimal credit risks in accordance with criteria approved by the Board of Trustees of the Trust. The Adviser or the Sub-Adviser will review and monitor the creditworthiness of such institutions. The Adviser or the Sub-Adviser will monitor the value of the collateral at the time the transaction is entered into and at all times during the term of the repurchase agreement.

(12) The Fund may only invest in commercial paper rated A-1 or higher by S&P Ratings, Prime-1 or higher by Moody's or F1 or higher by Fitch.

(13) Under normal market conditions, convertible Rule 144A securities will have at the time of original issuance \$100 million or more principal amount outstanding to be considered eligible investments.

(14) The Fund may hold up to an aggregate amount of 15% of its net assets in illiquid assets (calculated at the time of investment), including Rule 144A securities deemed illiquid by the Adviser or the Sub-Adviser.⁴⁰ The Fund will monitor its portfolio liquidity on an ongoing basis to determine whether, in 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 the Fund's net assets are held in illiquid assets.

(15) The Fund will only enter into transactions in OTC index credit default swaps and forward foreign currency exchange contracts with counterparties that the Adviser or the Sub-Adviser reasonably believes are capable of

⁴⁰ In reaching liquidity decisions, the Adviser and the Sub-Adviser may consider the following factors: The frequency of trades and quotes for the security; the number of dealers wishing to purchase or sell the security and the number of other potential purchasers; dealer undertakings to make a market in the security; and the nature of the security and the nature of the marketplace in which it trades (e.g., the time needed to dispose of the security, the method of soliciting offers and the mechanics of transfer).

performing under the applicable agreement, and the Fund will seek, where possible, to use counterparties whose financial status is such that the risk of default is reduced.

(16) The Fund's investments in derivative instruments will be consistent with the Fund's investment objective and the 1940 Act and will not be used to seek to achieve a multiple or inverse multiple of an index.

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

This approval order is based on all of the Exchange's representations, including those set forth above and in Amendment Nos. 1 and 2 to the proposal, and the Exchange's description of the Fund.

For the foregoing reasons, the Commission finds that the proposed rule change, as modified by Amendment Nos. 1 and 2 thereto, is consistent with Section 6(b)(5) of the Act⁴¹ and the rules and regulations thereunder applicable to a national securities exchange.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁴² that the proposed rule change (SR-NASDAQ-2015-075), as modified by Amendment Nos. 1 and 2 thereto, be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴³

Robert W. Errett,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-76070; File No. SR-BATS-2015-82]

Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees for Use of BATS Exchange, Inc.

October 5, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on September 30, 2015, BATS Exchange,

⁴¹ 15 U.S.C. 78f(b)(5).

⁴² 15 U.S.C. 78s(b)(2).

⁴³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³⁹ See 17 CFR 240.10A-3.

Inc. (the “Exchange” or “BATS”) 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 Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposed rule change effective upon filing with the Commission. 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 the Substance of the Proposed Rule Change

The Exchange filed a proposal to amend its fees and rebates applicable to Members⁵ of the Exchange pursuant to Rule 15.1(a) and (c) (“Fee Schedule”) applicable to the use of the Exchange’s equities trading platform (“BZX Equities”) to: (i) Adopt a new Step-Up Tier 4 under footnote 2; and (ii) amend the Tape B Volume Tier under footnote 13 to: (A) Adopt a new Tape B Volume Tier to be named “Tier 1”; and (B) rename the existing Tape B Volume Tier as “Tier 2”.

The text of the proposed rule change is available at the Exchange’s Web site at www.batstrading.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 Exchange 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 Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

The Exchange proposes amend [sic] the BZX Equities Fee Schedule to: (i) Adopt a new Step-Up Tier 4 under footnote 2; and (ii) amend the Tape B Volume Tier under footnote 13 to: (A) Adopt a new Tape B Volume Tier to be named “Tier 1”; and (B) rename the existing Tape B Volume Tier as “Tier 2”. As is the case with any other rebates on the Fee Schedule, to the extent that a Member qualifies for higher rebates than those provided under the proposed tiers, the higher rebates shall apply.

Step-Up Tier 4

Currently, the Exchange determines the liquidity adding rebate that it will provide to Members using the Exchange’s tiered pricing structure, which is based on the Member meeting certain volume tiers based on their ADAV⁶ as a percentage of TCV⁷ or ADV⁸ as a percentage of TCV. Under such pricing structure, a Member will receive an adding rebate of anywhere between \$0.0020 and \$0.0032 per share executed, depending on the volume tier for which such Member qualifies. The Exchange also maintains additional Step-Up Tiers in addition to the volume tiers described above. The Step-Up Tiers provide Members with additional ways to qualify for enhanced rebates.

The Exchange currently offers three Step-Up Tiers under footnote 2 of its Fee [sic] Schedule. Under Tier 1, a Members [sic] receives a rebate of \$0.0025 per

⁶ As provided in the Fee Schedule, for purposes of BATS Equities pricing, “ADAV” means average daily added volume calculated as the number of shares added per day on a monthly basis; the Exchange excludes from the ADAV calculation routed shares as well as shares added 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”), on any day with a scheduled early market close and on the last Friday in June (the “Russell Reconstitution Day”).

⁷ As provided in the Fee Schedule, for purposes of BATS Equities pricing, “TCV” means total consolidated volume calculated as the volume reported by all exchanges and trade reporting facilities to a consolidated transaction reporting plan for the month for which the fees apply, excluding volume on any day that the Exchange experiences an Exchange System Disruption, on any day with a scheduled early market close and the Russell Reconstitution Day.

⁸ As provided in the fee schedule, for purposes of BATS Equities pricing, “ADV” means average daily volume calculated as the number of shares added or removed, combined, per day on a monthly basis; the Exchange excludes from the ADV calculation routed shares, and shares added on any day that the Exchange’s system experiences an Exchange System Disruption, on any day with a scheduled early market close and on the Russell Reconstitution Day.

share where their Step-Up Add TCV⁹ from January 2014 is equal to or greater than 0.07%. Under Tier 2, a Members [sic] receives a rebate of \$0.0029 per share where their Step-Up Add TCV from January 2014 is equal to or greater than 0.10%. Lastly, under Tier 3, a Members [sic] receives a rebate of \$0.0030 per share where their Step-Up Add TCV from January 2014 is equal to or greater than 0.15%. The Exchange proposes to add a fourth tier under footnote 2. Under proposed Tier 4, a Members [sic] would receive a rebate of \$0.0030 per share where their Step-Up Add TCV from August 2015 is equal to or greater than 0.08%; and (2) Member’s ADAV as a percentage of TCV is equal to or greater than 0.35%.

Tape B Volume Tiers

Currently, the Exchange offers a rebate of \$0.0020 per share as the standard rebate for orders with fee code B, which applies to orders that add liquidity to the Exchange in Tape B securities. The Exchange also offers a Tape B Volume Tier that provide Members with the opportunity to earn a higher rebate by meeting certain volume metrics. Specifically, the Tape B Volume Tier provides a rebate of \$0.0027 per share to a Member’s orders with fee code B for which the Member’s Tape B ADAV as a percentage of TCV is equal to or greater than 0.08%. The Exchange proposes to adopt a new Tape B Volume Tier to be named “Tier 1” under footnote 13 and rename the existing Tape B Volume Tier as “Tier 2”. Under proposed Tier 1, a rebate of \$0.0025 per share would be provided to a Member’s orders with a fee code of B for which the Member’s Tape B ADAV as a percentage of TCV is equal to or greater than 0.05%.

Implementation Date

The Exchange proposes to implement this amendment to its Fee Schedule on October 1, 2015.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,¹⁰ in general, and furthers the objectives of Section 6(b)(4),¹¹ in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The

⁹ As provided in the fee schedule, for purposes of BATS Equities pricing, “Step-Up Add TCV” means ADAV as a percentage of TCV in the relevant baseline month subtracted from current ADAV as a percentage of TCV.

¹⁰ 15 U.S.C. 78f.

¹¹ 15 U.S.C. 78f(b)(4).

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ A Member is defined as “any registered broker or dealer that has been admitted to membership in the Exchange.” See Exchange Rule 1.5(n).

Exchange also notes that it operates in a highly-competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The proposed rule change reflects a competitive pricing structure designed to incent market participants to direct their order flow to the Exchange. The Exchange believes that the proposed rates are equitable and non-discriminatory in that they apply uniformly to all Members. The Exchange believes the fees and credits remain competitive with those charged by other venues and therefore continue to be reasonable and equitably allocated to Members.

Volume-based rebates and fees such as those proposed herein have been widely adopted by equities and options exchanges and are equitable because they are open to all Members on an equal basis and provide additional benefits or discounts that are reasonably related to the value to an exchange's market quality associated with higher levels of market activity, such as higher levels of liquidity provision and/or growth patterns, and introduction of higher volumes of orders into the price and volume discovery processes. The Exchange believes that proposed tiers are a reasonable, fair and equitable, and not unfairly discriminatory allocation of fees and rebates because they will provide Members with an additional incentive to reach certain thresholds on the Exchange.

Further, the Exchange believes that the proposed tiers will provide such enhancements in market quality on the Exchange by incentivizing participation. The Exchange notes that it is not proposing to modify any of the existing Step-Up Tiers or the Tape B Volume Tier (other than to rename the existing Tape B Volume Tier as Tier 2), but rather to add two new tiers that will provide Members with additional ways to receive higher rebates. Accordingly, under the proposal a Member will receive either the same or a higher rebate than they would receive today. Accordingly, the Exchange believes that the proposed additions to the Exchange's tiered pricing structure and incentives are not unfairly discriminatory because they will apply uniformly to all Members and are consistent with the overall goals of enhancing market quality on the Exchange.

In particular, the Exchange believes the addition of a second Tape B Volume Tier is a reasonable means to encourage Members to increase their liquidity in Tape B securities. The Exchange also believes providing a rebate of \$0.0025

per share where a Member's Tape B ADAV as a percentage of TCV is equal to or greater than 0.05% is also equitable and reasonable. The Exchange notes that it currently provides a rebate of \$0.0027 per share to Member's Tape B ADAV as a percentage of TCV is equal to or greater than 0.08%. Such pricing programs thereby reward a Member's growth pattern in Tape B securities and such increased volume increases potential revenue to the Exchange, and will allow the Exchange to continue to provide and potentially expand the incentive programs operated by the Exchange. The Exchange also believes that the rebate amount provided by proposed Tier 1 is equitable and reasonable as compared to the existing Tape B Volume Tier because it reflects the lower criteria necessary to achieve the tier.

The Exchange believes that providing additional financial incentives to Members that demonstrate an increase over their August 2015 Step-Up Add TCV through the new proposed Step-Up Tier 4 offers additional, flexible ways to achieve financial incentives from the Exchange and encourage Members to add liquidity to the Exchange. The Exchange believes that these incentives are reasonable, fair and equitable because the liquidity from each of these proposals also benefits all investors by deepening the Exchange's liquidity pool, offering additional flexibility for all investors to enjoy cost savings, supporting the quality of price discovery, promoting market transparency and improving investor protection. Such pricing programs thereby reward a Member's growth pattern and such increased volume increase [sic] potential revenue to the Exchange, and will allow the Exchange to continue to provide and potentially expand the incentive programs operated by the Exchange. These pricing programs are also fair and equitable in that they are available to all Members and will result in Members receiving either the same or an increased rebate than they would currently receive.

The Exchange also believes proposing a baseline eligibility for the proposed Step-Up Tier 4 is equitable and reasonable. The Exchange notes that current Tier 3 provides the same rebate as that proposed for Tier 4, \$0.0030 per share. However, Tier 3 calculates a Member's Step-Up Add TCV from a January 2014 baseline, while proposed Tier 4 would calculate a Member's Step-Up Add TCV from an August 2015 baseline. The primary objective of differing baseline eligibility criteria for the Step-Up Tiers is to increase the number of Members who may be

eligible to achieve either the [sic] tier and receives [sic] the same \$0.0030 per share rebate. The choice of baseline criteria will enhance the value of the Step-Up Tiers to Members whose market participation was higher in January 2014 than August 2015, thereby encouraging them to increase their volume on the Exchange over such baseline. It also provides Members with additional means to achieve the \$0.0030 per share rebate that may not satisfy the current baseline criteria set forth in Tier 3 that is based on a Step-Up Add TCV from January 2014. Such increased volume would increase potential revenue to the Exchange and allow the Exchange to spread its administrative and infrastructure costs over a greater number of shares, which would result in lower per share costs. The Exchange may then pass on these savings to Members in the form of reduced fees. The increased liquidity would also benefit all investors by deepening the Exchange's liquidity pool, offering additional flexibility for all investors to enjoy cost savings, supporting the quality of price discovery, promoting market transparency and improving investor protection.

Lastly, the Exchange believes that it is reasonable and equitable to offer an enhanced rebate to Members who satisfy a certain baseline eligibility because the Exchange believes that such Members are most likely to provide consistent liquidity during periods of market stress and to manage their quotes/orders in a coordinated manner that promotes price discovery and market stability.

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

The Exchange does not believe its proposed amendments to its Fee Schedule would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed changes represent a significant departure from previous pricing offered by the Exchange or pricing offered by the Exchange's competitors. Additionally, Members may opt to disfavor the Exchange's pricing if they believe that alternatives offer them better value. Accordingly, the Exchange does not believe that the proposed change will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets.

The Exchange does not believe that the proposed new tiers would burden competition, but instead, enhances [sic] competition, as they are intended to increase the competitiveness of and

draw additional volume to the Exchange. As stated above, the Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if the deemed fee structures to be unreasonable or excessive. The proposed changes are generally intended to enhance the rebates for liquidity added to the Exchange, which is intended to draw additional liquidity to the Exchange. The Exchange does not believe the proposed tiers would burden intramarket competition as they would apply to all Members uniformly.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from Members or other interested parties.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹² and paragraph (f) of Rule 19b-4 thereunder.¹³ At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

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

Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-BATS-2015-82 on the subject line.

Paper Comments

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

All submissions should refer to File Number SR-BATS-2015-82. 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 also will 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-BATS-2015-82, and should be submitted on or before October 30, 2015.

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

Robert W. Errett,
Deputy Secretary.

[FR Doc. 2015-25697 Filed 10-8-15; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-76077; File No. SR-NSCC-2015-003]

Self-Regulatory Organizations; National Securities Clearing Corporation; Order Approving Proposed Rule Change to Enhance NSCC's Margining Methodology as Applied to Family-Issued Securities of Certain NSCC Members

October 5, 2015.

On August 14, 2015, National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission")

proposed rule change SR-NSCC-2015-003 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² to change its margin charge with respect to a member's positions in securities that are issued by such member or its affiliate (*i.e.*, "family-issued securities") by excluding positions in these securities, when the member is on NSCC's Watch List,³ from its volatility margining model. The proposed rule change was published for comment in the **Federal Register** on September 2, 2015.⁴ The Commission did not receive comment letters regarding the proposed change. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

I. Description of the Proposed Rule Change

The following is a description of the proposed rule change, as provided by NSCC:

The proposed rule change consists of amendments to NSCC's Rules in order to enhance NSCC's margining methodology as applied to family-issued securities of NSCC Members⁵ that are placed on NSCC's "Watch List", *i.e.*, those Members who present a heightened credit risk to NSCC or have demonstrated higher risk related to their ability to meet settlement, as more fully described below.

Background

As a central counterparty, NSCC occupies an important role in the securities settlement system by interposing itself between counterparties to financial transactions and thereby reducing the risk faced by participants and contributing to global

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ As part of its ongoing monitoring of its membership, NSCC utilizes an internal credit risk rating matrix to rate its risk exposures to its members based on a scale from 1 (the strongest) to 7 (the weakest). Members that fall within the weakest three rating categories (*i.e.*, 5, 6, and 7) are placed on NSCC's "Watch List" and, as provided under NSCC's Rules and Procedures ("Rules"), may be subject to enhanced surveillance or additional margin charges. See Section 4 of Rule 2B and Section I(B)(1) of Procedure XV of NSCC's Rules, available at http://dtcc.com/~media/Files/Downloads/legal/rules/nscc_rules.pdf.

⁴ See Securities Exchange Act Release No. 75768 (August 27, 2015), 80 FR 53219 (September 2, 2015) (SR-NSCC-2015-003). NSCC also filed an advance notice with the Commission seeking approval of changes to its Rules necessary to implement the proposed rule change. This advance notice was published in the **Federal Register** on September 17, 2015. Securities Exchange Act Release No. 75899 (September 11, 2015), 80 FR 55883 (September 17, 2015) (File No. SR-NSCC-2015-803).

⁵ Terms not defined herein are defined in the Rules, available at http://dtcc.com/~media/Files/Downloads/legal/rules/nscc_rules.pdf.

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b-4(f).

¹⁴ 17 CFR 200.30-3(a)(12).