

income and capital appreciation by lending directly to privately-held middle market companies. The Investment Adviser, a Delaware limited liability company, is the investment adviser to the Company and to Medley SBIC. The Investment Adviser is registered under the Investment Advisers Act of 1940.

2. Medley SBIC, a Delaware limited partnership, has submitted an application to the Small Business Administration ("SBA") for a license to operate as a small business investment company ("SBIC") under the Small Business Investment Act of 1958 ("SBIA") and expects that application to be approved in the next six months. Medley SBIC is excluded from the definition of investment company by section 3(c)(7) of the Act. The General Partner, a Delaware limited liability company, is a wholly-owned subsidiary of the Company and the general partner of Medley SBIC. The Company is the sole member of the General Partner. The Company, directly and through its ownership of the General Partner, owns all of the equity and voting interests of Medley SBIC.

#### Applicants' Legal Analysis

1. The Company requests an exemption pursuant to section 6(c) of the Act from the provisions of sections 18(a) and 61(a) of the Act to permit it to adhere to a modified asset coverage requirement with respect to any direct or indirect wholly owned subsidiary of the Company that is licensed by the SBA to operate under the SBIA as a SBIC and relies on Section 3(c)(7) to be excepted from the definition of "investment company" under the 1940 Act (each, a "SBIC Subsidiary").<sup>2</sup> Applicants state that companies operating under the SBIA, such as the SBIC Subsidiaries, will be subject to the SBA's substantial regulation of permissible leverage in their capital structure.

2. Section 18(a) of the Act prohibits a registered closed-end investment company from issuing any class of senior security or selling any such security of which it is the issuer unless the company complies with the asset coverage requirements set forth in that section. Section 61(a) of the Act makes section 18 applicable to BDCs, with certain modifications. Section 18(k) exempts an investment company operating as an SBIC from the asset coverage requirements for senior

securities representing indebtedness that are contained in section 18(a)(1)(A) and (B).

3. Applicants state that the Company may be required to comply with the asset coverage requirements of section 18(a) (as modified by section 61(a)) on a consolidated basis because the Company may be deemed to be an indirect issuer of any class of senior security issued by Medley SBIC or another SBIC Subsidiary. Applicants state that applying section 18(a) (as modified by section 61(a)) on a consolidated basis generally would require that the Company treat as its own all assets and any liabilities held directly either by itself, by Medley SBIC, or by another SBIC Subsidiary. Accordingly, the Company requests an order under section 6(c) of the Act exempting the Company from the provisions of section 18(a) (as modified by section 61(a)), such that senior securities issued by each SBIC Subsidiary that would be excluded from the SBIC Subsidiary's asset coverage ratio by section 18(k) if it were itself a BDC would also be excluded from the Company's consolidated asset coverage ratio.

4. Section 6(c) of the Act, in relevant part, permits the Commission to exempt any transaction or class of transactions from any provision of the Act if and to the extent that 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. Applicants state that the requested relief satisfies the section 6(c) standard. Applicants contend that, because the SBIC Subsidiary would be entitled to rely on section 18(k) if it were a BDC itself, there is no policy reason to deny the benefit of that exemption to the Company.

#### Applicants' Condition

Applicants agree that any order granting the requested relief will be subject to the following condition:

The Company shall not issue or sell any senior security and the Company shall not cause or permit Medley SBIC or any other SBIC Subsidiary to issue or sell any senior security of which the Company, Medley SBIC or any other SBIC Subsidiary is the issuer except to the extent permitted by section 18 (as modified for BDCs by section 61) of the Act; provided that, immediately after the issuance or sale by any of the Company, Medley SBIC or any other SBIC Subsidiary of any such senior security, the Company, individually and on a consolidated basis, shall have the

asset coverage required by section 18(a) of the Act (as modified by section 61(a)). In determining whether the Company has the asset coverage on a consolidated basis required by section 18(a) of the Act (as modified by section 61(a)), any senior securities representing indebtedness of Medley SBIC or another SBIC Subsidiary shall not be considered senior securities and, for purposes of the definition of "asset coverage" in section 18(h), shall be treated as indebtedness not represented by senior securities.

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

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

[FR Doc. 2012-25871 Filed 10-19-12; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-68055; File No. SR-CME-2012-39]

### Self-Regulatory Organizations; Chicago Mercantile Exchange Inc.; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change To Amend CME Rule 971 To Require FCM Clearing Members To Provide Certain View-Only Access

October 16, 2012.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on October 4, 2012, Chicago Mercantile Exchange Inc. ("CME") filed with the Securities and Exchange Commission ("Commission") the proposed rule change described in Items I and II below, which Items have been prepared substantially by CME. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons and to approve the proposed rule change on an accelerated basis.

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

CME proposes to make amendments to CME Rule 971 as part of an industry wide initiative that is designed to further safeguard customer funds held at the futures commission merchant ("FCM") level.

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

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

<sup>2</sup> All existing entities that currently intend to rely on the order are named as applicants. Any other existing or future entity that may rely on the order in the future will comply with the terms and condition of the order.

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

In its filing with the Commission, CME 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 III below. CME has prepared summaries, set forth in sections A, B and C below, of the most significant aspects of such statements.<sup>3</sup>

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

CME is registered as a derivatives clearing organization with the Commodity Futures Trading Commission ("CFTC") and operates a substantial business clearing futures and swaps contracts subject to the jurisdiction of the CFTC. CME proposes to make rule changes to CME Rule 971 in coordination with the implementation by the National Futures Association ("NFA") of parallel revisions to NFA rules. The proposed rule changes are part of a continuing effort to enhance the protection of customer funds held at the FCM level.

Under revised CME 971.C, FCM clearing members would be required to provide the CME Audit Department with view-only full access of segregated, secured, and Cleared Swaps Customer accounts at a bank or trust company. Amended CME Rule 971.C would provide the CME Audit Department with enhanced capabilities to review FCM funds at a bank or trust company for verification on a real-time and surprise basis, without seeking further authorization from FCM clearing members.

The proposed effective date for these revisions is after November 5, 2012 and will be coordinated with implementation by the National Futures Association ("NFA") of parallel revisions to NFA rules. The proposed changes to CME Rule 971 are attached as Exhibit 5 to the Form 19b-4 that was filed with the Commission in connection with this proposed rule change.<sup>4</sup> CME also made a filing, CME

Submission 12-282, with the CFTC, with respect to the proposed changes.

CME believes the proposed changes are consistent with the requirements of the Exchange Act. First, CME, a derivatives clearing organization, is implementing the proposed changes in furtherance with applicable CFTC regulations and the Commodity Exchange Act ("CEA"), which contains a number of provisions that are comparable to the policies underlying the Act, including, for example, promoting market transparency for derivatives markets, promoting the prompt and accurate clearance of transactions, and protecting investors and the public interest.<sup>5</sup> Second, CME believes the proposed changes are specifically designed to protect investors and the public interest because the requirements help safeguard customer funds held at the FCM level.

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

CME does not believe that the proposed rule change will have any impact, or impose any burden, on competition.

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

CME has not solicited, and does not intend to solicit, comments regarding this proposed rule change. CME has not received any unsolicited written comments from interested parties.

## III. 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-CME-2012-39 on the subject line.

### Paper Comments

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090.

with the Commission, SR-CME-2012-30. The text of the proposed changes associated with this filing contains the current "sequestered" terminology.

<sup>5</sup> 15 U.S.C. 78q-1(b)(3)(F).

All submissions should refer to File Number SR-CME-2012-39. 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 CME and on CME's Web site at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

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-CME-2012-39 and should be submitted on or before November 13, 2012.

## IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

Section 19(b) of the Act<sup>6</sup> directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization. The Commission finds that the proposed rule change is consistent with the requirements of the Act, in particular the requirements of Section 17A of the Act, and the rules and regulations thereunder applicable to CME.<sup>7</sup> Specifically, the Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act, which requires, among other things, that the rules of a registered

<sup>6</sup> 15 U.S.C. 78s(b).

<sup>7</sup> 15 U.S.C. 78q-1. In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>3</sup> The Commission has modified the text of the summaries prepared by CME.

<sup>4</sup> On November 5, 2012, in connection with implementation of the CFTC's Part 22 Regulations, references to "sequestered" accounts in CME Rule 971 will be changed to Cleared Swaps Customer accounts, and references to CME rules for sequestered accounts will be deleted. These changes were the subject of a separate CME filing

clearing agency be designed 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 to protect investors and the public interest.<sup>8</sup>

In its filing, CME requested that the Commission approve this proposed rule change on an accelerated basis for good cause shown because the proposed changes are part of an industry wide initiative that is specifically designed to protect investors and the public interest through adoption of requirements that help safeguard customer funds held at the FCM level.

The Commission finds good cause, pursuant to Section 19(b)(2) of the Act,<sup>9</sup> for approving the proposed rule change prior to the 30th day after the date of publication of notice in the **Federal Register** because, as a registered derivatives clearing organization, CME must make the rule changes discussed above as part of an industry wide initiative that is specifically designed to protect investors and the public interest through adoption of requirements that help safeguard customer funds held at the FCM level.

## V. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR-CME-2012-39) be, and hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

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

[FR Doc. 2012-25864 Filed 10-19-12; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-68056; File No. SR-NSX-2012-16]

### Self-Regulatory Organizations; National Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend its Rules To Clarify the Handling of Zero Displayed Reserve Orders During Crossed Markets and To Add a Definition of a Primary Peg Order

October 16, 2012.

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 October 10, 2012, National Stock Exchange, Inc. (“Exchange” or “NSX”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. 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 is proposing to modify the text of Exchange Rule 11.11, 11.14 and 11.15 to (1) clarify that the Exchange’s trading system (the “System”<sup>3</sup>) will not execute a Zero Display Reserve Order when the national best bid is priced higher than the national best offer (i.e., a crossed market), and (2) add a definition of a Primary Peg Order under Rule 11.11(c)(2)(A).

The text of the proposed rule change is available on the Exchange’s Web site at <http://www.nsx.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 is proposing to amend its rules to clarify that the System will not execute Zero Display Reserve Orders during a crossed market. A Zero Display Reserve Order is a Reserve Order for which the entire order size remains hidden or undisplayed.

Exchange Rule 11.15(a)(iv) sets forth the manner in which Zero Display Reserve Orders are executed. Currently, the System will not execute a Zero Display Reserve Order during a crossed market. The Exchange is proposing to amend Rules 11.11(c)(2)(A) and 11.11(c)(2)(D), 11.14(a)(4) and Rule 11.15(a)(iv) in order to provide that (i) Zero Display Reserve Orders will not execute during crossed markets, and (ii) such Zero Display Reserve Orders will be eligible for execution when the market uncrosses (i.e., the protected bid is priced lower than the protected offer). The Exchange will make other clarifying edits to similar rules in an effort to maintain clear and cohesive Exchange rules.

Exchange Rule 11.15(a)(iv) currently provides that a Zero Display Reserve Order designated as a Post Only Order which is marketable upon entry, but not executed pursuant to Rule 11.11(c)(5)(B), is ranked in the NSX Book and “matched for execution in accordance with Rule 11.15.” The Exchange proposes to amend the language in Rule 11.15(a)(iv) to explicitly provide that Zero Display Reserve Orders will not execute during a crossed market. The Exchange is also proposing to add language to Rule 11.15(a)(iv) to clarify that these orders, if not cancelled during this period, will be executed when the protected bid is priced lower than the protected offer.

The Exchange sets forth the execution priority for Reserve Orders, including Zero Display Reserve Orders, in Rule 11.14. Under this rule, Reserve Orders have time priority over Zero Display Reserve Orders. The time priority among Zero Display Reserve Orders at the same price is established by several factors including whether the order has a Minimum Execution Quantity Instruction.<sup>4</sup> The Exchange is proposing to amend Rule 11.14(a)(4) to clarify that each Zero Display Reserve Order will retain its time priority when the System does not execute the order during a crossed market.

These clarifying amendments provide Equity Trading Permit (“ETP”) holders with additional information regarding how the System executes Reserve Orders and Zero Display Reserve Orders. The Exchange further proposes to clarify this notion in Rule 11.11(c)(2)(D) by referencing the execution process for Zero Display Reserve Orders set forth in 11.15(a)(iv). Currently, Rule 11.11(c)(2)(D) notifies ETP Holders that Zero Display Reserve Orders will not be eligible for routing to away Trading Centers. By adding the

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

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

<sup>3</sup> The “System” refers to “the electronic securities communications and trading facility designated by the Board through which orders of Users are consolidated for ranking and execution.” See Exchange Rule 1.5.

<sup>4</sup> See Exchange Rule 11.14(a)(4).

<sup>8</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>9</sup> 15 U.S.C. 78s(b)(2).

<sup>10</sup> 17 CFR 200.30-3(a)(12).