Exchange also believes that its pricing for removing liquidity is appropriately competitive vis-à-vis the Exchange's competitors, with at least one such competitor, NASDAQ BX, offering a similar pricing model. In a competitive environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and alternative liquidity sources. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. Further, the modifications described herein are a direct response to competition, which should be viewed as a positive signal that a competitive market exists. If the changes are unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of Members or competing order execution venues to maintain their competitive standing in the financial markets. The Exchange believes that continuing to incentivize the entry of aggressively priced, displayed liquidity fosters intra-market competition to the benefit of all market participants that enter orders to the Exchange. Finally, the Exchange does not believe that any of the changes represent a significant departure from previous pricing offered by the Exchange or pricing offered by the Exchange's competitors.

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.

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 Act [11] and paragraph (f) of Rule 19b–4 thereunder.[12] 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.

[11] 15 U.S.C. 78s(b)(3)(A).

[12] 17 CFR 240.19b–4(f).

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–BYX–2014–004 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–BYX–2014–004. 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–BYX–2014–004 and should be submitted on or before May 9, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[13]

Jill M. Peterson,

Assistant Secretary.

[FR Doc. 2014–08825 Filed 4–17–14; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–71938; File No. SR–NYSEArca–2013–144]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To List and Trade Shares of the ETSpreads HY Long Credit Fund, the ETSpreads HY Short Credit Fund, the ETSpreads IG Long Credit Fund, and the ETSpreads IG Short Credit Fund Under NYSE Arca Equities Rule 8.600

April 14, 2014.

I. Introduction

On December 27, 2013, 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 (''Act'' or ''Exchange Act'') [1] and Rule 19b–4 thereunder,[2] a proposed rule change to list and trade shares (''Shares'') of the ETSpreads HY Long Credit Fund, the ETSpreads HY Short Credit Fund, the ETSpreads IG Long Credit Fund, and the ETSpreads IG Short Credit Fund (each a ''Fund'' and, collectively, ''Funds'') under NYSE Arca Equities Rule 8.600. The proposed rule change was published for comment in the **Federal Register** on January 15, 2014.[3] On February 26, 2014, the Commission issued a notice of designation of a longer period for Commission action on the proposed rule change.[4] On April 11, 2014, the Exchange filed Amendment

[13] 17 CFR 200.30–3(a)(12).

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

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 71266 (January 9, 2014), 79 FR 2705 (''Notice'').

[4] *See* Securities Exchange Act Release No. 71618, 79 FR 12254 (March 4, 2014). Pursuant to Section 19(b)(2) of the Act, the Commission determined that it was appropriate to designate a longer period within which to take action on the proposed rule change. Accordingly, the Commission designated April 15, 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.

No. 1 to the proposed rule change.[5] The Commission received no comments on the proposal. The Commission is publishing this notice to solicit comments on Amendment No. 1 from interested persons, and is approving the proposed rule change, as modified by Amendment No. 1 thereto, on an accelerated basis.

II. Description of the Proposal

The Exchange proposes to list and trade the Shares of each Fund under NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares. The Shares will be offered by Exchange Traded Spreads Trust (''Trust''), a statutory trust organized under the laws of the State of Delaware and registered with the Commission as an open-end management investment company.[6] ETSpreads, LLC (''Adviser'') is the investment adviser for each Fund and is a registered investment adviser under the Investment Advisers Act of 1940 (''Advisers Act''). ALPS Distributors, Inc. will serve as the principal underwriter and distributor for each Fund. The Exchange represents that the Adviser is not registered as a broker-dealer, but is affiliated with a broker-dealer and has implemented a ''fire wall'' with respect to such broker-dealer regarding access to information concerning the composition or changes to the Funds' portfolios.[7]

The Exchange has made the following representations and statements in describing the Funds and their respective investment strategies, including other portfolio holdings and investment restrictions.[8]

Description of the Funds

Each Fund will seek to provide exposure to a long or short position with respect to a specific segment of the North American corporate credit markets.[9] The strategy of each of the Funds involves buying and selling credit default swaps (''CDS'') to outperform, before fees and expenses, either a long or short position tied to its benchmark index. Currently, each Fund will use either the Markit CDX North American Investment Grade 5-year Total Return Index or the Markit CDX North American High Yield 5-year Total Return Index (each an ''Index'' or ''CDX Index,'' and collectively, ''Indices'') as its benchmark.[10] None of the Funds will use leverage, and each Fund will maintain sufficient assets at all times so that it can meet its payment, margin, or other obligations without borrowing.[11] While actual percentages will vary, it is generally expected that less than 20% of a Fund's assets will be in CDS and non-principal investments (as described below), and the balance of a Fund's assets will be U.S. Treasury securities, money market instruments, and cash.

A. Principal Investments

To meet its respective investment objective, under normal market conditions,[12] each Fund intends to invest substantially all of its assets in: (1) CDS that are cleared by a clearing organization [13] and which are either (a) CDS index swaps, including swaps based on the CDX Index (''CDX Index swaps''), based on multiple CDS relating to the debt issued by different Reference Entities,[14] or (b) ''Single Name CDS,'' which are CDS that relate only to the debt issued by a single Reference Entity; [15] (2) futures contracts based on CDS or other similar futures contracts; and (3) obligations of, or those guaranteed by, the United States government with a maturity of less than six years (''U.S. Treasury securities''), money market instruments, and cash. Each of the Funds' investments, including derivatives, will be consistent with its investment objective.

1. ETSpreads IG Long Credit Fund

The investment objective of the Fund is to provide long exposure to the credit of a diversified portfolio of North

[5] In Amendment No. 1, the Exchange expands the information that would be included in the Funds' Disclosed Portfolios. Specifically, the investment adviser to the Funds would include the following information (as applicable) in the Disclosed Portfolios, which would be updated daily on the Funds' Web site: ticker symbol, CUSIP number or other identifier, if any; a description of the holding (including the type of holding, such as the type of swap); the identity of the security, commodity, index, Reference Entity(ies) or other asset or instrument underlying the holding, if any; for options, the option strike price; quantity held (as measured by, for example, par value, notional value or number of shares, contracts or units); maturity date, if any; coupon rate, if any; effective date, if any; market value of the holding; and the percentage weighting of the holding in a Fund's portfolio.

[6] The Trust is registered under the Investment Company Act of 1940 (''1940 Act''). According to the Exchange, on April 9, 2013, the Trust filed with the Commission an amendment to the registration statement for the Funds on Form N–1A under the Securities Act of 1933 and under the 1940 Act relating to the Funds (File Nos. 333–148886 and 811–22177) (''Registration Statement''). The Exchange also states that the Trust has obtained certain exemptive relief from the Commission under the 1940 Act. *See* Investment Company Act Release No. 30378 (February 5, 2013) (''Exemptive Order''). The Exchange represents that the investments made by the Funds will comply with the conditions set forth in the Exemptive Order.

[7] *See* Commentary .06 to NYSE Arca Equities Rule 8.600. The Exchange further represents that in the event (a) the Adviser becomes newly affiliated with a broker-dealer, or (b) any new adviser or sub-adviser, if any, is a registered broker-dealer or becomes affiliated with a broker-dealer, it will implement a fire wall with respect to its relevant personnel or its broker-dealer affiliate regarding access to information concerning the composition or changes to a portfolio, and will be subject to procedures designed to prevent the use and dissemination of material, non-public information regarding such portfolio.

[8] The Commission notes that additional information regarding the Trust, the Funds, and the Shares, including information on swaps, in general, and credit default swaps (''CDS''), in particular, methodology and construction of the Indices (as defined below), investment strategies, risks, net asset value (''NAV'') calculation, creation and redemption procedures, fees, portfolio holdings, disclosure policies, distributions, and taxes, among other information, is included in the Notice and the Registration Statement, as applicable. *See* Notice and Registration Statement, *supra* notes 3 and 6, respectively.

[9] With respect to a particular credit market, a ''long position'' means that an investor expects that the issuers of debt securities in a particular debt market will be able to meet their obligations in accordance with the terms of such debt securities in full and on-time. With respect to a particular credit market, a ''short position'' means that an investor expects there will be an increased likelihood that the issuers of debt securities in a particular debt market will not be able to meet their obligations in accordance with the terms of such debt securities in full or on-time.

[10] The Markit CDX North American Investment Grade 5-year Total Return Index is designed to track the credit quality of 125 investment grade North American debt issuers or the unsubordinated debt obligations of such debt issuers. The Markit CDX North American High Yield 5-year Total Return Index is designed to track the credit quality of 100 high yield North American debt issuers or the unsubordinated debt obligations of such debt issuers.

[11] In general, no leverage means that, for each $100 million of assets under management, the relevant Fund will be a net buyer or seller (consistent with its investment objective) of protection on $100 million.

[12] The term ''under normal market conditions'' includes, but is not limited to, the absence of extreme volatility or trading halts in the fixed income markets or the financial markets generally; events or circumstances causing a disruption in market liquidity or orderly markets; operational issues causing dissemination of inaccurate market information; or force majeure type events such as systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption, or any similar intervening circumstance.

[13] The Funds intend to use ICE Clear Credit LLC and CME Clearing as the clearing organizations for their cleared CDS. ICE Clear Credit LLC is a subsidiary of the IntercontinentalExchange, Inc. ICE Clear Credit LLC is registered with the Commodity Futures Trading Commission (''CFTC'') as a clearing house for credit default swaps, including CDX Index swaps. CME Clearing is a division of Chicago Mercantile Exchange Inc. (''CME''), which is a subsidiary of the CME Group Inc. CME is registered with the CFTC as a clearing house for CDS, including CDX Index swaps.

[14] The Exchange states that a ''Reference Entity'' is the entity whose debt underlies a Single Name CDS. A Reference Entity can be a corporation, government, or other legal entity that issues debt of any kind. The Exchange also states that CDX Index swaps are based on a particular index that includes Single Name CDS of several Reference Entities.

[15] Fund transactions in CDS cleared through a clearing organization that have been designated by the CFTC or the Commission as ''made available to trade'' will be executed on exchanges or on a swap execution facility subject to CFTC or Commission oversight or regulation.

American investment grade debt issuers. With respect to a particular credit market, a ''long position'' means that an investor expects that the issuers of debt securities in a particular debt market will be able to meet their obligations in accordance with the terms of such debt securities in full and on-time. The Fund will invest, under normal market conditions, substantially all of its assets in (i) CDS cleared by a clearing organization which are either (a) CDS index swaps based on multiple CDS relating to the debt issued by different Reference Entities, or (b) Single Name CDS based on CDS relating to the debt issued by a single Reference Entity; (ii) futures contracts based on CDS or other similar futures contracts; and (iii) U.S. Treasury securities, money market instruments, and cash. In order to gain exposure to the investment grade credit market, the Fund will normally be a net protection seller under its CDS, and will be required to make payments to the protection buyer when a specified adverse credit event occurs relating to a Reference Entity.

If the Fund is successful in meeting its objective, its NAV should generally increase when the North American investment grade credit market is improving. Conversely, its NAV should generally decrease when the North American investment grade credit market is deteriorating.

2. ETSpreads IG Short Credit Fund

The investment objective of the Fund is to provide short exposure to the credit of a diversified portfolio of North American investment grade debt issuers. The Fund will invest, under normal market conditions, substantially all of its assets in (i) CDS cleared by a clearing organization which are either (a) CDS index swaps based on multiple CDS relating to the debt issued by different Reference Entities, or (b) Single Name CDS based on CDS relating to the debt issued by a single Reference Entity; (ii) futures contracts based on CDS or other similar futures contracts; and (iii) U.S. Treasury securities, money market instruments, and cash. To gain short exposure to the investment grade credit market, the Fund will normally be a net protection buyer under its CDS, and therefore will be required to make the ongoing payments specified under such contracts that represent the cost of purchasing protection from adverse credit events relating to a Reference Entity.

If the Fund is successful in meeting its objective, its NAV should generally decrease as the North American investment grade credit market is improving. Conversely, its NAV should generally increase as the North American investment grade credit market is deteriorating.

3. ETSpreads HY Long Credit Fund

The investment objective of the Fund is to provide long exposure to the credit of a diversified portfolio of North American high yield debt issuers. The Fund will invest, under normal market conditions, substantially all of its assets in (i) CDS cleared by a clearing organization which are either (a) CDS index swaps based on multiple CDS relating to the debt issued by different Reference Entities, or (b) Single Name CDS based on CDS relating to the debt issued by a single Reference Entity; (ii) futures contracts based on CDS or other similar futures contracts; and (iii) U.S. Treasury securities, money market instruments, and cash. To gain exposure to the high yield credit market, the Fund will normally be a net protection seller under its CDS, *i.e.,* it will be required to make payments to the protection buyer when a specified adverse credit event occurs relating to a Reference Entity.

If the Fund is successful in meeting its objective, its NAV should generally increase when the North American high yield credit market is rallying, which means that credit quality is improving and differences or ''spreads'' between the returns on high yield debt securities generally and the returns on debt securities with comparable maturities that are essentially free of credit risk (such as U.S. Treasury securities) are decreasing or ''tightening.'' Conversely, its NAV should generally decrease when the North American high yield credit market is falling (going down), credit quality is deteriorating, and spreads are increasing or ''widening.''

4. ETSpreads HY Short Credit Fund

The investment objective of the Fund is to provide short exposure to the credit of a diversified portfolio of North American high yield debt issuers. The Fund will invest substantially all of its assets in (i) CDS cleared by a clearing organization which are either (a) CDS index swaps based on multiple CDS relating to the debt issued by different Reference Entities, or (b) Single Name CDS based on CDS relating to the debt issued by a single Reference Entity; (ii) futures contracts based on CDS or other similar futures contracts; and (iii) U.S. Treasury securities, money market instruments, and cash. To gain short exposure to the high yield credit market, the Fund will normally be a net protection buyer under its CDS, *i.e.,* it will be required to make the ongoing payments specified under such contracts that represent the cost of purchasing protection from adverse credit events relating to a Reference Entity.

If the Fund is successful in meeting its objective, its NAV should generally decrease when the North American high yield credit market is improving. Conversely, its NAV should generally increase as the North American high yield credit market is deteriorating.

B. Non-Principal Investments of the Funds

While each Fund will invest, under normal market conditions, substantially all of its assets as described above under each Fund's principal investment strategies, each Fund may invest in, to the extent that CDS cleared by a clearing organization are not available, fully collateralized non-cleared CDS transactions,[16] and (1) to the extent available, options that are cleared through a clearing organization regulated or subject to the oversight of the CFTC or the Commission[17] and (2) if options cleared through a clearing organization are not available, fully collateralized non-cleared OTC options, in each case, relating to the following: options on CDS, options on CDS futures, options on CDS indexes and options on U.S. Treasury securities.[18]

[16] To reduce the credit risk that arises in connection with investments in non-cleared swaps, each of the Funds generally will enter into an agreement with each counterparty based on a Master Agreement published by the International Swaps and Derivatives Association, Inc. that provides for the netting of its overall exposure to its counterparty. The Adviser will assess or review, as appropriate, the creditworthiness of each potential or existing counterparty to an over-the-counter (''OTC'') contract pursuant to guidelines approved by the Adviser. Furthermore, the Adviser on behalf of the Funds will only enter into OTC contracts with counterparties who are, or are affiliates of, (a) banks regulated by a United States federal bank regulator, (b) swap dealers or securities based swap dealers regulated by the CFTC and/or the Commission, (c) broker-dealers regulated by the Commission, or (d) insurance companies domiciled in the United States. Existing counterparties will be reviewed periodically by the Adviser. The Funds also may require that the counterparty be highly rated or provide collateral or other credit support.

[17] Fund transactions in options cleared through a clearing organization that have been designated by the CFTC or the Commission as ''made available to trade'' will be executed by the Funds on an exchange or on a swap execution facility subject to CFTC or Commission oversight or regulation.

[18] The Exchange states that each of the Funds' CDS transactions, whether cleared or uncleared, and the options described above will be subject to CFTC or Commission reporting, including the reporting of detailed transaction data to swap data repositories subject to CFTC or the Commission oversight or regulation. According to the Exchange, all swap transaction data, including data on options, will be available to the CFTC and the Commission and certain bank or other regulators. In addition, with certain exceptions (*e.g.,* delays for large block trades), a portion of each CDS transaction's data will be available to major market

Continued

Each Fund also may utilize other types of swap agreements, including but not limited to: total return swaps on debt, equity or CDS or indexes relating to the foregoing; bond or corporate credit index swaps; and interest rate swaps. A Fund may utilize these swap agreements in an attempt to gain exposure to the investments used to meet its investment objective in a market without actually purchasing those investments, or to hedge a position.

Each Fund may invest in the securities of other investment companies, consistent with the requirements of Section 12(d)(1) of the 1940 Act, or any rule, regulation or order of the Commission or interpretation thereof.

Each Fund may enter into repurchase agreements with financial institutions, which may be deemed to be loans. Each Fund follows certain procedures designed to minimize the risks inherent in such agreements. These procedures include effecting repurchase transactions only with large, well-capitalized, and well-established financial institutions whose condition will be continually monitored by the Adviser. In addition, the value of the collateral underlying the repurchase agreement will always be at least equal to the repurchase price, including any accrued interest earned on the repurchase agreement.

C. The Funds' Investment Restrictions

Each of the Funds may hold up to an aggregate amount of 15% of its net assets in illiquid investments (calculated at the time of investment) in accordance with Commission staff guidance. The Funds will monitor their portfolio liquidity on an ongoing basis to determine whether, in light of current circumstances, an adequate level of liquidity is being maintained, and will take appropriate steps in order to maintain adequate liquidity if, through a change in values, net assets, or other circumstances, more than 15% of a Fund's net assets are held in illiquid investments. Illiquid investments include investments subject to contractual or other restrictions on resale and other instruments that lack readily available markets as determined in accordance with Commission staff guidance.

The Funds will not invest in any equity securities except for investment company securities, and will be non-diversified, which means that a Fund may invest its assets in a smaller number of issuers than a diversified fund. In addition, the Funds intend to invest only in futures contracts traded on exchanges that are subject to CFTC or Commission oversight or regulation.

III. Discussion and Commission Findings

After careful review, the Commission finds that the Exchange's proposal to list and trade the Shares is consistent with the Exchange Act and the rules and regulations thereunder applicable to a national securities exchange.[19] In particular, the Commission finds that the proposed rule change, as modified by Amendment No. 1 thereto, is consistent with Section 6(b)(5) of the Exchange Act,[20] which requires, among other things, that the Exchange's rules be designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. The Commission notes that the Funds and the Shares must comply with the requirements of NYSE Arca Equities Rule 8.600 for the Shares to be listed and traded on the Exchange.

The Commission finds that the proposal to list and trade the Shares on the Exchange is consistent with Section 11A(a)(1)(C)(iii) of the Exchange Act,[21] which sets forth Congress' finding that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with respect to quotations for and transactions in securities. Quotation and last-sale information for the Shares and exchange-traded investment company securities will be available via the Consolidated Tape Association (''CTA'') high-speed line. Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services. Information regarding the previous day's closing price and trading volume information for the Shares will be published daily in the financial section of newspapers.

The Commission also believes that the proposal to list and trade the Shares is reasonably designed to promote fair disclosure of information that may be necessary to price the Shares appropriately and to prevent trading when a reasonable degree of transparency cannot be assured. On each business day, before commencement of trading in Shares in the Core Trading Session (9:30 a.m. to 4:00 p.m. Eastern Time) on the Exchange, the Funds will disclose on their Web site the Disclosed Portfolio, as defined in NYSE Arca Equities Rule 8.600(c)(2), that will form the basis for the Funds' calculation of NAV at the end of the business day.[22] The Web site information will be publicly available at no charge. The NAV per Share of each Fund will be calculated by The Bank of New York Mellon and determined as of the close of regular trading on the Exchange (ordinarily 4:00 p.m. Eastern Time) on each day that the Exchange is open. The Exchange will obtain a representation from the issuer of the Shares that the NAV per share will be calculated daily and that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time.

According to the Exchange, market participants, particularly large institutional investors, regularly receive executable and indicative quotations on CDS from dealers. In addition, intra-day and end-of-day prices for all Single Name CDS, CDS index swaps, or other financial instruments held by a Fund will be available through major market data vendors or broker-dealers or on the exchanges on which they are traded. Major market vendors which provide intra-day and end-of-day prices for both Single Name CDS and CDS index swaps include Markit, Credit Market Analysis Ltd., and Bloomberg L.P. Bloomberg L.P., Thomson Reuters Corporation, and similar data vendors provide intra-day and end-of-day pricing data for U.S. Treasury securities and money market instruments. Exchanges which provide intraday and end-of-day prices for futures and options on futures include ICE Futures and CME Group. Broker-dealers provide intraday and end-of-day prices for non-cleared swaps and options, including options on Single Name CDS and options on CDS index swaps.

The Exchange further states that ICE Clear Credit LLC and CME Clearing provide daily price and transaction information for swaps that it or its affiliate clears by subscription to its members and other market participants.

data vendors on a real time, though anonymous, basis.

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

[20] 15 U.S.C. 78f(b)(5).

[21] 15 U.S.C. 78k–1(a)(1)(C)(iii).

[22] Under accounting procedures followed by the Funds, trades made on the prior business day (T) will be booked and reflected in NAV on the current business day (T+1). Accordingly, the Funds will be able to disclose at the beginning of the business day the portfolio that will form the basis for the NAV calculation at the end of the business day.

Additionally, pricing intraday regarding various CDS index swaps is provided free to the public, with a fifteen minute delay, on the Markit Web site (*https://source.markit.com*). Daily trading volume of cleared swaps transacted via the ICE Clear Credit LLC and CME Clearing clearing organizations is also available through their respective Web sites.

According to the Exchange, another source of intra-day information about Single Name CDS prices is the market for OTC corporate bonds on which the CDS are based. Because CDS represent the credit risk component of corporate bonds, and the effect of interest rate changes on the prices of corporate bonds is readily calculable, market professionals are able to obtain substantial information about the intra-day value of CDS based on data on the intra-day value of the underlying corporate bonds (short-term variations between the bond and CDS markets do arise, and may occur more frequently when such markets are volatile). One source of bond price information is the Financial Industry Regulatory Authority's (''FINRA'') Trace Reporting and Compliance System (''TRACE''). TRACE reports executed prices on corporate bonds, including high-yield bond transactions. TRACE reported prices are available without charge on the FINRA Web site on a ''real time'' basis (subject to a fifteen minute delay) and also are available by subscription from various information providers. In addition, authorized participants and other market participants, particularly those that regularly deal or trade in corporate bonds, have access to intra-day corporate bond prices from a variety of sources other than TRACE, such as Thomson Reuters, Interactive Data and MarketAxess.

The Exchange states that the intraday, closing, and settlement prices of U.S. Treasury securities, money market instruments, and repurchase agreements will be readily available from published or other public sources, or major market data vendors such as Bloomberg and Thomson Reuters. Price information regarding exchange-traded options is available from the exchanges on which such instruments are traded and from Market Data Express's (an affiliate of Chicago Board Options Exchange) Customized Option Pricing Service. Price information regarding OTC options is available from major market data vendors. Intra-day and closing price information for shares of exchange-listed investment company securities are available from the exchange on which such securities are principally traded and from major market data vendors. The NAV of any investment company security investment will be readily available on the Web site of the relevant investment company and from major market data vendors. Major market data vendors also provide intra-day and end-of-day prices for total return swaps, bond, or corporate credit index swaps, and interest rate swaps.

The Exchange states that the Portfolio Indicative Value of the Funds, as defined in NYSE Arca Equities Rule 8.600(c)(3), will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Core Trading Session.[23] In addition, the Web site for the Funds will include a form of the prospectus for the Funds and additional data relating to NAV and other applicable quantitative information. The Exchange represents that trading in Shares of the Funds will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 have been reached. Trading also may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable,[24] and trading in the Shares will be subject to NYSE Arca Equities Rule 8.600(d)(2)(D), which sets forth circumstances under which Shares of the Funds may be halted.

The Exchange states that it has a general policy prohibiting the distribution of material, non-public information by its employees. The Commission notes that, consistent with NYSE Arca Equities Rule 8.600(d)(2)(B)(ii), the Reporting Authority, must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material, non-public information regarding the actual components of each Fund's portfolio.[25] The Exchange states that the Adviser has implemented a ''fire wall'' with respect to its broker-dealer affiliate regarding access to information concerning the composition or changes to the Funds' portfolios.[26] 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. FINRA, on behalf of the Exchange,[27] will communicate as needed regarding trading in the Shares, futures, exchange-listed options, and exchange-listed investment company securities with other markets and other entities that are members of the Intermarket Surveillance Group (''ISG'').[28] The Exchange also states that FINRA, on behalf of the Exchange, may obtain trading information regarding trading in the Shares, futures, exchange-listed options, and exchange-listed investment company securities from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares, futures, exchange-listed options, and exchange-listed investment company securities from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. FINRA, on behalf of the Exchange, also is able to access, as needed, trade information for certain fixed-income securities held by the Funds reported to FINRA's TRACE.

The Exchange deems the Shares 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 representations, including:

(1) The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions (Opening, Core, and Late Trading Sessions).

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

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

[23] According to the Exchange, several major market data vendors display or make widely available Portfolio Indicative Values taken from the CTA or other data feeds.

[24] These reasons may include: (1) the extent to which trading is not occurring in the securities or the financial instruments comprising the Disclosed Portfolio of a Fund; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. The Exchange represents that it may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of a Fund.

[25] *See* NYSE Arca Equities Rule 8.600(d)(2)(D).

[26] *See supra* note 7 and accompanying text. The Exchange states that an investment adviser to an open-end fund is required to be registered under the 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.

[27] The Exchange states that FINRA surveils trading on the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement.

[28] For a list of the current members of ISG, see *www.isgportal.org.*

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 unit aggregations (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 Funds will be in compliance with Rule 10A–3 under the Exchange Act,[29] as provided by NYSE Arca Equities Rule 5.3.

(6) Each Fund's investments, including derivatives, will be consistent with its respective investment objective.

(7) A Fund may hold up to an aggregate amount of 15% of its net assets in illiquid investments (calculated at the time of investment).

(8) A minimum of 100,000 Shares for each Fund 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 the Notice, and the Exchange's description of the Funds.

For the foregoing reasons, the Commission finds that the proposed rule change, as modified by Amendment No. 1 thereto, is consistent with Section 6(b)(5) of the Act [30] and the rules and regulations thereunder applicable to a national securities exchange.

IV. Solicitation of Comments on Amendment No. 1

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether Amendment No. 1 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–NYSEArca–2013–144 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, Station Place, 100 F Street NE., Washington, DC 20549–1090.

All submissions should refer to File Number SR–NYSEArc–2013–144. 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 the 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–NYSEArca–2013–144 and should be submitted on or before May 9, 2014.

V. Accelerated Approval of Proposed Rule Change As Modified by Amendment No. 1

The Commission finds good cause to approve the proposed rule change, as modified by Amendment No. 1, prior to the thirtieth day after the date of publication of notice in the **Federal Register**. The proposed Amendment supplements the proposed rule change by expanding the amount of disclosure regarding the Funds' holdings. The Commission believes that this additional information will benefit market participants. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act,[31] to approve the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

VI. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[32] that the proposed rule change (SR–NYSEArca–2013–144), as modified by Amendment No. 1 thereto, be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[33]

Jill M. Peterson,

Assistant Secretary.

[FR Doc. 2014–08791 Filed 4–17–14; 8:45 am]

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[29] 17 CFR 240.10A–3.

[30] 15 U.S.C. 78f(b)(5).

[31] 15 U.S.C. 78s(b)(2).

[32] 15 U.S.C. 78s(b)(2).

[33] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–71941; File No. SR–BATS–2014–011]

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

April 14, 2014.

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 April 1, 2014, BATS Exchange, 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 Act [3] 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

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

[2] 17 CFR 240.19b–4.

[3] 15 U.S.C. 78s(b)(3)(A)(ii).

[4] 17 CFR 240.19b–4(f)(2).