SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations: The NASDAQ Stock Market LLC; Order Granting Approval of Proposed Rule Change, as Modified by Amendment No. 1 Thereto, Relating to the Listing and Trading of the Shares of the WisdomTree Western Unconstrained Bond Fund of the WisdomTree Trust

April 22, 2015.

I. Introduction

On February 18, 2015, The NASDAQ Stock Market LLC (“NASDAQ” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) and Rule 19b–4 thereunder, a proposed rule change to list and trade the Shares (“Shares”) of the WisdomTree Western Unconstrained Bond Fund (“Fund”) under Nasdaq Rule 5735. The proposed rule change was published for comment in the Federal Register on March 11, 2015. On March 18, 2015, the Exchange filed Amendment No. 1 to the proposed rule change. The Commission received no comments on the proposal. This order grants approval of the proposed rule change, as modified by Amendment No. 1 thereto.

II. Description of the Proposed Rule Change

The Exchange proposes to list and trade Shares of the Fund under Nasdaq Rule 5735, which governs the listing and trading of Managed Fund Shares on the Exchange. The Shares will be offered by the WisdomTree Trust (“Trust”), which is registered with the Commission as an investment company and has filed a registration statement on Form N–1A (“Registration Statement”) with the Commission on behalf of the Fund. WisdomTree Asset Management, Inc. will be the investment adviser (“Adviser”) to the Fund, and Western Asset Management Company will serve as sub-adviser (“Sub-Adviser”). State Street Bank and Trust Company will serve as the administrator, custodian, and transfer agent for the Trust, and ALPS Distributors, Inc. will serve as the distributor.

The Exchange represents that neither the Adviser nor Sub-Adviser is registered as, or is affiliated with, a broker-dealer. The Exchange also represents that the Shares will be subject to Nasdaq Rule 5735, which sets forth the initial and continued listing criteria applicable to Managed Fund Shares, and that for initial and continued listing, the Fund must be in compliance with Rule 10A–3 under the Act.

The Exchange has made the following representations and statements in describing the Fund and its investment strategy, including, among other things, portfolio holdings and investment restrictions.

A. The Exchange’s Description of the Principal Investments of the Fund

According to the Exchange, the Fund seeks to provide a high level of total return consisting of both income and capital appreciation. The Fund intends to achieve its investment objective through direct and indirect investments in “Debt Instruments,” which will include: (i) Fixed income securities, such as bonds and notes; and (ii) other debt obligations and certain derivatives and other instruments based on Debt Instruments or currency, each as described below. Under normal market conditions, the Fund intends to invest at least 80% of its net assets in Debt Instruments (but not more than 35% of Fund assets in derivatives that are Debt Instruments).

Specifically, the Fund intends to invest in the following Debt Instruments: (1) Instruments denominated in U.S. dollars or local currencies; (2) securities or other debt obligations issued by corporations or agencies that may receive financial support or backing from local government; (3) securities or other debt obligations issued by supranational organizations, such as the European Investment Bank, International Bank for Reconstructions and Development, the International Finance Corporation, or other regional development banks; (4) “Government securities,” as defined in Section 3(a)(42) of the Act (“Government Securities”); (5) securities issued or guaranteed by non-U.S. governments, agencies, and instrumentalities; (6) municipal securities (including taxable and tax-exempt municipal securities), as defined in Section 3(a)(29) of the Act; (7) “Putable” bonds (bonds that give the holder the right to sell the bond to the issuer prior to the bond’s maturity) when the put date is within a 24 month period; and “busted” convertible securities (convertible securities that are trading well below their conversion values minimizing the likelihood that they will ever reach their convertible prices prior to maturity); (8) loan participation notes; (9) zero-coupon bonds.

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; 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.

5 The Exchange may invest in fixed income securities that have variable or floating interest rates which are readjusted on set dates (such as the last day of the month or calendar quarter) in the case of variable rates or whenever a specified interest rate change occurs in the case of a floating rate instrument. Variable or floating interest rates generally reduce changes in the market price of securities from their original purchase price because, upon readjustment, such rates decrease or increase, the potential for capital appreciation or depreciation is less for variable or floating rate securities than for fixed rate obligations.

6 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; 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.

10 According to the Exchange, the Fund may invest in loan participation notes that have a minimum outstanding principal amount of $200
securities and interest-only securities; (10) debt securities linked to inflation rates of the U.S. and non-U.S. countries; (11) repurchase agreements backed by Government Securities and non-U.S. government securities; (12) bank loans (including senior loans); (13) Money Market Securities; and (14) mortgage-backed securities (including commercial mortgage-backed securities, collateralized mortgage obligations, adjustable rate mortgage back securities, and interest-only mortgage-backed securities, including, in each case, agency mortgage-backed securities, GSE-issued or guaranteed mortgage-backed securities, and privately issued mortgage-backed securities) and asset-backed securities.13

The Fund intends to invest in Debt Instruments originating primarily in developed and emerging markets countries.14 The Fund’s exposure to any single corporate issuer generally will be limited to 10% of the Fund’s assets, and the Fund’s exposure to any single sovereign issuer generally will be limited to 25% of the Fund’s assets (excluding exempted securities as defined in Section 3(a)(2) of the Act). In addition, the Fund’s exposure to any one country (other than the United States) generally will be limited to 30% of the Fund’s assets, though this percentage may change from time to time in response to economic events and changes to the respective credit ratings of the Debt Instruments in such country.

The Fund may invest in Debt Instruments with effective or final maturities of any length. The Fund will seek to keep the average effective duration of its portfolio between –5 and 10 years under normal market conditions. Effective duration is an indication of an investment’s interest rate risk or how sensitive an investment or a fund is to changes in interest rates. Generally, a fund or instrument with a longer effective duration is more sensitive to interest rate fluctuations, and, therefore, more volatile, than a similar fund with a shorter effective duration. To potentially protect the Fund against the impact of rising rates, the Adviser or Sub-Adviser may take the duration of the Fund below zero through strategic short positions in instruments such as U.S. Treasury futures (subject to the Fund’s limits on investments in derivative instruments as described below). A negative duration suggests that the Fund may benefit from a rise in rates.15 The Fund’s actual portfolio duration may be longer or shorter depending on market conditions.

In addition, the Fund may invest, in the aggregate, up to 35% of its assets in the following derivatives, which are also Debt Instruments (with no more than 20% of the Fund’s investments in derivative instruments that are not within the definition of ‘‘Debt Instruments’’): (1) Credit-linked notes; (2) listed futures contracts on Debt Instruments; (3) non-deliverable forward currency contracts;18 (4) currency swaps; (5) interest rate swaps; (6) listed currency options; and (7) listed options on futures contracts on Debt Instruments.

The Fund may invest in combinations of investments that provide similar exposure to local currency debt, such as investment in U.S. dollar denominated bonds combined with forward currency positions or swaps.20 Forward currency contracts and swap positions can be incorporated with bonds denominated in non-U.S. currencies to hedge bond exposures back into U.S. dollars. Conversely, forward currency contracts and swap positions can be implemented in combination with U.S. dollar denominated bonds to create local currency bond exposures. Additionally, the Fund’s use of forward contracts and swaps may be combined with investments in short-term, high quality U.S. Money Market Securities in a manner designed to provide exposure to similar investments in local currency deposits.21

13 The Fund may invest up to 20% of its net assets in money market securities only with financial institutions that in the event the Adviser engages in derivative transactions, the Adviser is a member of the Intermarket Surveillance Sharing Agreement, the Intermarket Committee, and the Intermarket Risk Committee, and, therefore, more volatile, than a similar fund with a shorter effective duration. To potentially protect the Fund against the impact of rising rates, the Adviser or Sub-Adviser may take the duration of the Fund below zero through strategic short positions in instruments such as U.S. Treasury futures (subject to the Fund’s limits on investments in derivative instruments as described below). A negative duration suggests that the Fund may benefit from a rise in rates. The Fund’s actual portfolio duration may be longer or shorter depending on market conditions.

15 Negative duration would occur when the total duration of the Fund’s liabilities (e.g., through short positions in U.S. government securities or related futures positions) is less than the total duration of the Fund’s assets.

16 The Fund will invest no more than 25% of its net assets in credit-linked notes.

17 According to the Exchange, the Adviser has registered with the Commodity Futures Trading Commission as a commodity pool operator under the Commodity Exchange Act with regard to the Fund. The futures contracts in which the Fund may invest will be listed on exchanges in the United States, Brazil, Chile, Germany, Hong Kong, Mexico, Singapore, South Korea, or the United Kingdom. Each of the futures exchange’s primary financial markets regulators are signatories to the International Organization of Securities Commissions (‘‘IOSCO’’) Multilateral Memorandum of Understanding (‘‘MMOU’’), which is a multi-party information sharing arrangement among international financial regulators. Both the Commission and the Commodity Futures Trading Commission are signatories to the IOSCO MMOU. In addition, the futures contracts in which the Fund may invest in the United States, Germany, Hong Kong, Singapore, South Korea, or the United Kingdom will be listed on exchanges that are members of the Intermarket Surveillance Group, including Eurex Frankfurt A.G., the Hong Kong Exchange & Clearing Ltd., the Korea Exchange, the Singapore Exchange, the London International Financial Futures Exchange and NASDAQ OMX PHLX LLC. At least 90% of Fund assets that are invested in exchange-traded derivative instruments will be invested in instruments that trade in markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

18 According to the Exchange, the Fund may enter into forward currency contracts in order to ‘‘lock in’’ the exchange rate between the currency it will deliver and the currency it will receive for the duration of the contract. The Fund will invest only in currencies, and instruments that provide exposure to such currencies, that have a significant foreign exchange turnover and are included in the Bank for International Settlements Triennial Central Bank Survey, December 2013 (‘‘BIS Survey’’). The Fund may invest in currencies, and instruments that provide exposure to such currencies, selected from the top 40 currencies (as measured by percentage share of average daily turnover for the applicable month and year) included in the BIS Survey.

19 See id.

20 To the extent practicable, the Fund will invest in swaps cleared through the facilities of a central clearing house. The Fund may also invest in Money Market Securities that would serve as collateral for the futures contracts and swap agreements.

21 According to the Exchange, the Fund will seek, where possible, to use counterparties, as applicable, whose financial status is such that the risk of default is reduced; however, the risk of losses resulting from default is still possible. The Adviser or the Sub-Adviser will evaluate the creditworthiness of counterparties on an ongoing basis. In addition to information provided by credit agencies, the Adviser’s or the Sub-Adviser’s past experience with the counterparty, its known disciplinary history, and its share of market participation. The Adviser or Sub-Adviser will also attempt to mitigate the Fund’s respective credit risk by transacting only with large, well-capitalized institutions using measures designed to determine the creditworthiness of the counterparty. The Adviser or Sub-Adviser will also attempt to mitigate the Fund’s respective credit risk by transacting only with large, well-capitalized institutions using measures designed to determine the creditworthiness of the counterparty.

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The Fund will use derivative instruments primarily to hedge interest rate risk and actively manage interest rate exposure and, as described below, to hedge foreign currency risk and actively manage foreign currency exposure. The Fund may also use derivative instruments to enhance returns, as a substitute for, or to gain exposure to, a position in an underlying asset, to reduce transaction costs, to maintain full market exposure (which means to adjust the characteristics of its investments to more closely approximate the underlying markets in which it invests), to manage cash flows, or to preserve capital. The Fund’s use of derivative instruments will be collateralized by investments in Money Market Securities and other liquid Debt Instruments. All Money Market Securities acquired by the Fund will be rated investment grade, except that the Fund may invest in unrated Money Market Securities that are deemed by the Adviser or Sub-Adviser to be of comparable quality to a rated security (including, statistically, unrated consumer bonds rated Baa1 or A2 by one or more Nationally Recognized Statistical Rating Organizations (“NRSROs”).

The Exchange represents that the Fund’s investments in derivative instruments will be made in accordance with the 1940 Act and consistent with the Fund’s investment objectives and policies, and will not be used to enhance leverage. The Fund will comply with the regulatory requirements of the Commission to maintain assets as “cover,” maintain segregate accounts, and make margin payments when it takes positions in derivative instruments involving obligations to third parties (i.e., instruments other than purchase options). With respect to certain kinds of derivative transactions entered into by the Fund that involve obligations to make future payments to third parties, including, but not limited to, futures and forward contracts, swap contracts, the purchase of securities on a when-issued or delayed-delivery basis, or reverse repurchase agreements, the Fund, in accordance with applicable federal securities laws, rules, and interpretations thereof, will set aside liquid assets, or engage in other measures to “cover” open positions with respect to such transactions.

The Exchange represents that liquidity will be an important factor in the Fund’s security selection process. Under normal market conditions, at least 80% of the Fund’s net assets that are invested in Debt Instruments will be invested in Debt Instruments that are issued by issuers with outstanding debt of at least $200 million (or the foreign currency equivalent thereof). In addition, while the Fund will be actively-managed and will not be tied to an index, the Exchange represents that the Fund’s investment portfolio will meet the criteria for non-actively managed, index-based, fixed income exchange-traded funds (“ETFs”) contained in Nasdaq Rule 5705(a)(4)(A).

In reaching liquidity decisions, the Adviser or Sub-Adviser may consider the following factors: (a) the frequency of trades and quotes for the security; (b) the number of dealers wishing to purchase or sell the security; and the nature of the security and the nature of the marketplace in which it trades; and the nature of the marketplace in which it trades; and the nature of the marketplace in which it trades; and (c) the time needed to dispose of the security, the method of soliciting offers and the mechanics of transfer.

See Exchange Rule 5705(a)(4)(A). The Fund will meet the following requirements of Rule 5705(a)(4)(A): (i) The index or portfolio must consist of fixed income securities (which are generally defined to include Debt Instruments) that hold substantially all of their assets in debt securities issued by issuers with outstanding debt of at least $200 million (or the foreign currency equivalent thereof); (ii) components that in the aggregate account for at least 75% of the weight of the index or portfolio must each have a minimum principal amount outstanding of $200 million or more. The Exchange states that ETPs in which the Fund may invest include, without limitation: (a) Securities of other investment companies (including exchange-traded products (“ETPs”), such as other ETFs; (b) debt instruments that do not fall within the meaning of “Debt Instruments” above, including bank loans, banker’s acceptances, bank time deposits, commercial paper, and certificates of deposit issued against funds deposited in a bank or savings institutions that have a worldwide market value of its outstanding common equity held by non-affiliates of at least $700 million or more (Rule 5705(a)(4)(A)(vi)(c)).

22 See supra note 16.
23 See id.
24 The Exchange states that ETPs in which the Fund may invest include, without limitation: Portfolio Depository Receipts and Index Fund Shares (as described in Nasdaq Rule 5705); Securities Linked to the Performance of Indexes and Commodities (as described in Nasdaq Rule 5710); Index-Linked Exchangeable Notes; Equity Gold Shares; Trust Certificates; Commodity-Based Trust Shares; Currency Trust Shares; Commodity Index Trust Shares; Commodity Futures Trust Shares; Partnership Units; Trust Units; Managed Trust Securities; and Currency Warrants (as described in Nasdaq Rule 5711); Alpha-Index Linked Securities (as described in Nasdaq Rule 5712); Equity-Linked Debt Securities (as described in Nasdaq Rule 5715); Trust Issued Receipts (as described in Nasdaq Rule 5720); Index Warrants (as described in Nasdaq Rule 5725); Securities Not Otherwise Specified (as described in Nasdaq Rule 5730); and managed Fund Shares (as described in Nasdaq Rule 5735); and closed-end funds. According to the Exchange, the ETPs in which the Fund may invest all will be listed and traded on U.S. registered exchanges. The Fund will invest in the securities of registered investment company ETPs 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. The ETPs in which the Fund may invest will primarily be non-actively managed ETPs that hold substantially all of their assets in securities representing a specific index. While the Fund may invest in ETPs, the Fund will not invest in leveraged or inverse leveraged (e.g., 2X, –2X) ETPs.
Revenue Code of 1986, as amended. In addition to satisfying the RIC diversification requirements, no portfolio security held by the Fund (other than U.S. government securities) will represent more than 30% of the weight of the Fund’s portfolio and the five highest weighted portfolio securities of the Fund (other than U.S. government securities) will not, in the aggregate, account for more than 65% of the weight of the Fund’s portfolio. For these purposes, the Fund may treat repurchase agreements collateralized by U.S. government securities as U.S. government securities.

The Fund may hold up to an aggregate 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 Sub-Adviser. 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. Illiquid assets include securities subject to contractual or other restrictions on resale and other instruments that lack readily available markets as determined in accordance with Commission staff guidance.

Additional information regarding the Trust, Fund, and Shares, including investment strategies and restrictions, risks, creation and redemption procedures, fees, portfolio holdings disclosures, distributions and taxes, calculation of net asset value per share (“NAV”), availability of information, trading rules and halts, and surveillance procedures, among other things, can be found in the Notice, Registration Statement, and Exemptive Order, as applicable.

III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of Section 6 of the Act and the rules and regulations thereunder applicable to a national securities exchange. In particular, the Commission finds that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act, which requires, among other things, that the Exchange’s rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, 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 also finds that the proposal to list and trade the Shares on the Exchange is consistent with Section 11A(a)(1)(C)(iii) of the Act, which sets forth the finding of Congress 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 will be available via Nasdaq’s proprietary quote and trade services, as well as in accordance with the Unlisted Trading Privileges and the Consolidated Tape Association plans for the Shares and any underlying ETPs. In addition, the Intraday Indicative Value (as defined in Nasdaq Rule 5735(c)(3)), which will be based upon the current value of the components of the Disclosed Portfolio (as defined in Nasdaq Rule 5735(c)(2)), will be available on the NASDAQ OMX Information LLC proprietary index data service, and will be updated and widely disseminated and broadly displayed at least every 15 seconds during the Regular Market Session. During hours when the markets for local debt and other assets in the Fund’s portfolio are closed, the Intraday Indicative Value will be updated at least every 15 seconds during the Regular Market Session to reflect currency exchange fluctuations.

On each business day, before commencement of trading in Shares in the Regular Market Session on the Exchange, the Trust will disclose on its Web site the identities and quantities of the portfolio securities and other assets (“Disclosed Portfolio,” as defined in Nasdaq Rule 5732(c)(2)) held by the

20 The equity securities in which the Fund may invest will be limited to securities that trade on markets that are members of the ISG. The Fund may invest in non-U.S. equity securities by means of American Depository Receipts, European Depository Receipts, and Global Depository Receipts.

21 See Notice, supra note 3; see also Registration Statement and Exemptive Order, supra note 5 and accompanying text.

22 The security in which the Fund may invest must be listed on a national securities exchange.

23 In approving this proposed rule change, the Commission notes that it has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).


26 See Notice, supra note 3, 80 FR at 12839.

27 According to the Exchange, the NASDAQ OMX Global Index Data Service is the NASDAQ OMX global index data feed service, offering real-time updates, daily summary messages, and access to widely followed indexes and ETPs. See id.

28 See id.
Fund that will form the basis for the Fund’s calculation of NAV at the end of the business day. The NAV of the Fund will normally be determined as of the close of the regular trading session on the Exchange (ordinarily 4:00 p.m. ET) on each business day. Information regarding market price and volume of the Shares will be continually available on a real-time basis throughout the day on brokers’ computer screens and other electronic services. The previous day’s closing price and trading volume information for the Shares will be published daily in the financial section of newspapers. Pricing information for ETFs and exchange-traded derivatives and other instruments will be available from the exchanges on which they trade and from major market vendors. Pricing information for Debt Instruments, forward currency contracts, spot currencies, and debt instruments that do not fall within the meaning of “Debt Instruments” as defined above will be available from major broker-dealer firms, major market data vendors, or Pricing Services, as applicable. Money market funds are typically priced once each business day, and their prices will be available through the applicable fund’s Web site or from major market vendors. Intra-day, executable price quotations on Debt Instruments as well as derivative instruments are available from major broker-dealer firms. Intra-day price information is available through subscription services, such as Bloomberg and Thomson Reuters, which can be accessed by authorized Participants and other investors. In addition, State Street Bank and Trust Company, through the National Securities Clearing Corporation, will make available on each business day, immediately prior to the opening of business on the Exchange’s Core Trading Session (currently 9:30 a.m. Eastern time), the list of names and the required number or amount of each security and/or the amount of cash, to be included in the current “Fund Deposit” (based on information at the end of the previous business day) for the Fund. The Fund’s Web site will include a form of the prospectus for the Fund and additional data relating to NAV and other applicable quantitative information.

The Commission further 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. The Commission notes that 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. Further, trading in the Shares will be subject to Nasdaq 5735(d)(2)(D), which sets forth circumstances under which trading in the Shares may be halted. The Exchange may also halt trading in the Shares if trading is not occurring in the securities or the financial instruments constituting the Disclosed Portfolio or if other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. Further, the Commission notes that the Reporting Authority that provides the Disclosed Portfolio 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 the portfolio. The Exchange states that it has a general policy prohibiting the distribution of material, non-public information by its employees. The Exchange also states that neither the Adviser nor Sub-Adviser is registered as, or affiliated with, a broker-dealer.

39 On a daily basis, the Fund will disclose on the Fund’s Web site the following information regarding each holding, as applicable to the type of holding: Ticker symbol, CUSIP number or other identifier, if any; a description of the holding (including the type of holding); the identity of the security 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 the Fund’s portfolio. See id. The Web site and information will be publicly available at no charge. See id.

40 See id., 80 FR at 12837. The Exchange notes that, for purposes of calculating the Fund’s NAV per Share, the Fund’s investment will generally be valued using market valuations. In the event that current market valuations are not readily available or do not reflect current market value, the Trust’s procedures require the Pricing Committee to determine an asset’s fair value if a market price is not readily available in accordance with the 1940 Act. Bank deposits held in U.S. dollars will be valued at their actual dollar amount; bank deposits held in foreign currencies will be converted into U.S. dollars and valued at their actual amounts in U.S. dollars. According to the Adviser, Debt Instruments (as well as debt instruments not within the meaning of “Debt Instruments”), will generally be valued using prices received from independent Pricing Services as of the announced closing time for trading in fixed-income instruments in the respective market or exchange. Exchange traded assets (including without limitation, equity securities, listed futures contracts, listed currency options, listed options on futures, and ETFs) will be valued at the last reported sale price or the official closing price on that exchange where the security or other instrument is primarily traded on the day that the valuation is made. Shares of money market funds will be valued at their net asset values as reported on the fund’s Web site or to major market vendors. With respect to derivative instruments, if, however, neither the last sales price nor the official closing price is available, each of these derivative instruments will be valued at either the last reported sale price or official closing price as of the close of regular trading of the principal market on which the instrument is listed consistent with the primary benchmark. Spot currencies and non-exchange-traded derivatives, including non-deliverable forward currency contracts, currency swaps, interest rate swaps, total return swaps, credit default swaps, and credit-linked notes, will normally be valued on the basis of quotes obtained from brokers and dealers or Pricing Services using data reflecting the earlier closing of the principal markets for those assets. International Data Corporation is expected to be the primary price source for the Fund’s assets. The Fund may also rely, however, on other recognized third-party pricing sources, including, without limitation, Bloomberg, WM Reuters, JP Morgan, Markit, and J Kenney, to provide prices for certain asset categories, including, among others, currency swaps, forward currency contracts, spot currencies, and corporate securities, in each case as determined, from time to time, by the Fund’s board of trustees. Each of these pricing sources is a “Pricing Service” for purposes of this Fund.
The Financial Industry Regulatory Authority ("FINRA"), on behalf of the Exchange, will communicate as needed regarding trading in the Shares and the U.S. and non-U.S. equity securities, ETPs, listed options, and listed futures contracts and other instruments held by the Fund with other markets and other entities that are members of the ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. FINRA, on behalf of the Exchange, may obtain trading information regarding trading in the Shares and the U.S. and non-U.S. equity securities, ETPs, listed options, listed futures contracts, and other instruments held by the Fund from such markets and other entities. FINRA, on behalf of the Exchange, also is able to obtain trading information regarding certain Debt Instruments held by the Fund reported to FINRA's Trade Reporting and Compliance Engine.\[^54\] In addition, the Exchange may obtain information regarding trading in the Shares and the exchange-traded securities and instruments held by the Fund from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.\[^55\]

The Exchange represents that it 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 also made the following representations:

1. The Shares will be subject to Rule 5735 which sets forth the initial and continued listing criteria applicable to Managed Fund Shares.
2. The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions.
3. Prior to the commencement of trading of the Shares, the Exchange will inform its members in an Information Circular of the special characteristics and risks associated with trading the Shares. Specifically, the Information Circular will discuss the following: (a) The purchases and redemptions of Shares in Creation Units (and that Shares are not individually redeemable); (b) Nasdaq Rule 2310, which imposes suitability obligations on Nasdaq members with respect to recommending transactions in the Shares to customers; (c) how and by whom information regarding the Intraday Indicative Value and Disclosed Portfolio are 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.
4. Trading in the Shares will be subject to the existing trading surveillances, administered by both Nasdaq and also FINRA on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws.\[^56\] These procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws.
5. For initial and continued listing, the Fund must be in compliance with Rule 10A–3 under the Act.\[^57\]
6. A minimum of 100,000 Shares will be outstanding at the commencement of trading on the Exchange.
7. Under normal circumstances, the Fund will invest at least 80% of its net assets in Debt Instruments, and no more than 35% of Fund assets in derivatives that are Debt Instruments. In addition, the Fund will invest no more than 20% of its net assets in derivative instruments that are not Debt Instruments.
8. The Fund may hold up to an aggregate 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 Sub-Adviser. 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 through a change in values, net assets, or other circumstances, more than 15% of the Fund’s net assets are held in illiquid assets.
9. While the Fund may invest in ETPs, the Fund will not invest in leveraged or inverse leveraged ETPs.
10. The Fund may invest in loan participation notes that have a minimum outstanding principal amount of $200 million that the Adviser or Sub-Adviser deems to be liquid. In addition, the Fund will invest no more than 25% of its net assets in credit-linked notes.
11. At least 90% of Fund assets that are invested in exchange-traded derivative instruments will be invested in instruments that trade in markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. In addition, the equity securities in which the Fund may invest will be limited to securities that trade on markets that are members of the ISG.
12. The Fund will invest only in currencies, and instruments that provide exposure to such currencies, that have significant foreign exchange turnover and are included in the BIS Survey. The Fund may invest in currencies, and instruments that provide exposure to such currencies, selected from the top 40 currencies (as measured by percentage share of average daily turnover for the applicable month and year) included in the BIS Survey.
13. The Adviser or the Sub-Adviser will evaluate the creditworthiness of counterparties on an ongoing basis. In addition to information provided by credit agencies, the Adviser’s or the Sub-Adviser’s analysis will evaluate each approved counterparty using various methods of analysis and may consider such factors as the counterparty’s liquidity, its reputation, the Adviser’s or the Sub-Adviser’s past experience with the counterparty, its known disciplinary history, and its share of market participation. The Adviser or Sub-Adviser will also attempt to mitigate the Fund’s respective credit risk by transacting only with large, well-capitalized institutions using measures designed to determine the creditworthiness of the counterparty. The Adviser or Sub-Adviser will take various steps to limit counterparty credit risk.
14. Under normal market conditions, at least 80% of the Fund’s net assets that are invested in Debt Instruments will be invested in Debt Instruments that are issued by issuers with outstanding debt of at least $200 million (or the foreign currency equivalent thereof). In addition, while the Fund will be actively-managed and will not be tied to an index, the Exchange represents that the Fund’s investment portfolio will meet the criteria for non-actively managed, index-based, fixed income ETPs contained in Nasdaq Rule 5705(a)(4)(A).

\[^54\] See Notice, supra note 3, 80 FR at 12840.

\[^55\] For a list of the current members of ISG, see www.isgportal.org.

\[^56\] According to the Exchange, 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. See Notice, supra note 3, 80 FR at 12840.

\[^57\] 17 CFR 240.10A–3.
IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,58 that the proposed rule change (SR–NASDAQ–2015–012), as modified by Amendment No. 1 thereto, be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.59

Brent J. Fields, Secretary.

[FR Doc. 2015–09763 Filed 4–27–15; 8:45 am]
BILLING CODE 8011–01–P

SMALL BUSINESS ADMINISTRATION
[Disaster Declaration # 14282 and # 14283]

Florida Disaster # FL–00104

AGENCY: U.S. Small Business Administration.

ACTION: Notice.

SUMMARY: This is a notice of an Administrative declaration of a disaster for the State of FLORIDA dated 04/22/2015.

Incident: Pecan Park Flea and Farmers’ Market Fire.

Incident Period: 04/06/2015.

Effective Date: 04/22/2015.

Physical Loan Application Deadline Date: 06/22/2015.

Economic Injury (EIDL) Loan Application Deadline Date: 01/22/2016.

ADDRESSES: Submit completed loan applications to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

FOR FURTHER INFORMATION CONTACT: A. Escobar, Office of Disaster Assistance, (Catalog of Federal Domestic Assistance Numbers 59002 and 59008).

[FR Doc. 2015–09817 Filed 4–27–15; 8:45 am]
BILLING CODE 8025–01–P

The number assigned to this disaster for physical damage is 14282 5 and for economic injury is 14283 0.

The States which received an EIDL Declaration are Florida.

Dated: April 22, 2015.

Maria Contreras-Sweet, Administrator.

[FR Doc. 2015–09817 Filed 4–27–15; 8:45 am]
BILLING CODE 8025–01–P

SMALL BUSINESS ADMINISTRATION
[Disaster Declaration #14284 and #14285]

Georgia Disaster #GA–00063

AGENCY: U.S. Small Business Administration.

ACTION: Notice.

SUMMARY: This is a Notice of the Presidential declaration of a major disaster for Public Assistance Only for the State of Georgia (FEMA–4215–DR), dated 04/20/2015.

U.S. Small Business Administration, 409 3rd Street SW., Suite 6050, Washington, DC 20416.

SUPPLEMENTARY INFORMATION: Notice is hereby given that as a result of the Administrator’s disaster declaration, applications for disaster loans may be filed at the address listed above or other locally announced locations.

The following areas have been determined to be adversely affected by the disaster:

Primary Counties: Duval.


The Interest Rates are:

<table>
<thead>
<tr>
<th>For Physical Damage:</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homeowners Without Credit Available Elsewhere</td>
<td>3.625</td>
</tr>
<tr>
<td>Homeowners Without Credit Available Elsewhere</td>
<td>1.813</td>
</tr>
<tr>
<td>Businesses With Credit Available Elsewhere</td>
<td>6.000</td>
</tr>
<tr>
<td>Businesses With Credit Available Elsewhere</td>
<td>4.000</td>
</tr>
<tr>
<td>Non-Profit Organizations With Credit Available Elsewhere</td>
<td>2.625</td>
</tr>
<tr>
<td>Non-Profit Organizations Without Credit Available Elsewhere</td>
<td>2.625</td>
</tr>
<tr>
<td>For Economic Injury:</td>
<td>Percent</td>
</tr>
<tr>
<td>Businesses &amp; Small Agricultural Cooperatives Without Credit Available Elsewhere</td>
<td>4.000</td>
</tr>
<tr>
<td>Non-Profit Organizations Without Credit Available Elsewhere</td>
<td>2.625</td>
</tr>
</tbody>
</table>

The number assigned to this disaster for physical damage is 14284B and for economic injury is 14285B.

[FR Doc. 2015–09819 Filed 4–27–15; 8:45 am]
BILLING CODE 8025–01–P

SMALL BUSINESS ADMINISTRATION
[Disaster Declaration #4261 and #14262]

Tennessee Disaster Number TN–00087

AGENCY: U.S. Small Business Administration.

ACTION: Notice.

SUMMARY: This is a Notice of the Presidential declaration of a major disaster for Public Assistance Only for the State of Tennessee (FEMA–4215–DR), dated 04/20/2015.

U.S. Small Business Administration, 409 3rd Street SW., Suite 6050, Washington, DC 20416.

SUPPLEMENTARY INFORMATION: Notice is hereby given that as a result of the President’s major disaster declaration on 04/20/2015, Private Non-Profit organizations that provide essential services of governmental nature may file disaster loan applications at the address listed above or other locally announced locations.

The following areas have been determined to be adversely affected by the disaster:

Primary Counties: Banks, Barrow, Dawson, Elbert, Forsyth, Franklin, Habersham, Hall, Jackson, Lumpkin, Madison, Oglethorpe, Pickens, Stephens, White.

The Interest Rates are:

<table>
<thead>
<tr>
<th>For Physical Damage:</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Profit Organizations With Credit Available Elsewhere</td>
<td>2.625</td>
</tr>
<tr>
<td>Non-Profit Organizations Without Credit Available Elsewhere</td>
<td>2.625</td>
</tr>
<tr>
<td>For Economic Injury:</td>
<td>Percent</td>
</tr>
<tr>
<td>Non-Profit Organizations Without Credit Available Elsewhere</td>
<td>2.625</td>
</tr>
</tbody>
</table>

The number assigned to this disaster for physical damage is 14284B and for economic injury is 14285B.

[FR Doc. 2015–09819 Filed 4–27–15; 8:45 am]
BILLING CODE 8025–01–P