By the Commission.

Shoshana M. Grove,
Secretary.
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SECURITIES AND EXCHANGE COMMISSION


July 1, 2015.

I. Introduction

On April 30, 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”)1 and Rule 19b–4 thereunder,2 a proposed rule change relating to the listing and trading of shares (“Shares”) of the PowerShares DB Optimum Yield Diversified Commodity Strategy Portfolio, PowerShares Agriculture Commodity Strategy Portfolio, PowerShares Precious Metals Commodity Strategy Portfolio, PowerShares Energy Commodity Strategy Portfolio, PowerShares Base Metals Commodity Strategy Portfolio and PowerShares Bloomberg Commodity Strategy Portfolio, Each a Series of PowerShares Actively Managed Exchange-Traded Commodity Fund Trust (“Trust”)3 under Nasdaq Rule 5735. The proposed rule change was published for comment in the Federal Register on May 21, 2015.4 On June 30, 2015, the Exchange filed Amendment No. 1 to the proposed rule change, and on July 1, 2015, the Exchange filed Amendment No. 2 to the proposed rule change.5 The Commission received no comments on the proposal. This order grants approval of the proposed rule change, as modified by Amendment Nos. 1 and 2 thereto.

II. Description of the Proposed Rule Change

The Commission previously approved the listing and trading of the Shares on the Exchange under Nasdaq Rule 5735, which governs the listing and trading of Managed Fund Shares.6 According to the Exchange, the Shares of the PowerShares DB Optimum Yield Diversified Commodity Strategy Trust’s registration statement (“Registration Statement”). See Pre-effective Amendment No. 1 to the Registration Statement for the Trust, dated May 20, 2014 (File Nos. 333–193135 and 811–22927).7

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1 Notice of United States Postal Service of Filing Functionally Equivalent Inbound Competitive Multi-Service Agreement with a Foreign Postal Operator, June 30, 2015 (Notice).
2 Pursuant to Section 19(b)(1) of the Exchange Act, a self-regulatory organization may not impose a new rule or change an existing rule for which the Commission has not granted approval within 30 days after the self-regulatory organization sent notice of its intent to apply for approval of the proposed rule change to the Commission. See 15 U.S.C. 78s(b)(1) and 17 C.F.R. 240.20b–2(b)(1).
3 According to the Exchange, the Trust is registered with the Commission as an investment company and has filed a registration statement on Form N–1A with the Commission. A description of each Fund’s investment strategy is set forth in the Treatment of Certain Materials. It also authorizes the product, a certification of compliance with 39 U.S.C. 3633(a), and an application for non-public treatment of certain materials. It also filed supporting financial workpapers.
5 In Amendment No. 1 to the proposed rule change, the Exchange: (a) Made a technical typographical correction to the citation in its filing referencing an exemptive order issued under the Investment Company Act of 1940 (“1940 Act”); and (b) Clarified that the Trust is entitled to hold, and vice versa, to the extent consistent with federal tax requirements.”. In Amendment No. 2 to the proposed rule change, the Exchange further clarified that (a) Each Fund, through its respective Subsidiary (but not directly), will only invest in those commodity-linked notes, OTC Swaps, Forwards, and other over-the-counter instruments that are based on the price of relevant Commodities Futures, as applicable, and tend to exhibit trading prices or returns that correlate with any Commodities Futures and that will fund the investment objective of such Fund (each “OTC Swaps,” “Forwards,” and “Commodities Futures,” as defined herein); and (b) Each Subsidiary (not each Fund) will enter into swap agreements and other over-the-counter transactions only with large, established, and well capitalized financial institutions that meet certain credit quality standards and monitoring policies, and each Subsidiary (not each Fund) will use various techniques to minimize credit risk, including early termination, or reset and payment of such investments, the use of different counterparties, or limiting the net amount due from any individual counterparty. Because Amendment Nos. 1 and 2 to the proposed rule change seek to make certain clarifications and technical corrections, and do not materially affect the substance of the proposed rule change or raise unique or novel regulatory issues, Amendment Nos. 1 and 2 to the proposed rule change do not require notice and comment. The text of Amendment Nos. 1 and 2 is available at: http://www.sec.gov/rules/sro/nasdaq.shtml.
requirements applicable to regulated investment companies, such as the Funds, which limit the ability of investment companies to invest directly in derivative instruments such as Commodities Futures.

In this proposed rule change, the Exchange seeks to make certain revisions to the investment strategy described in the Prior Release. Specifically, the proposal seeks to allow the Funds and the Subsidiaries, as applicable, to also invest in a variety of other securities and instruments beyond those set forth in the Prior Release, as follows:

- Each Fund, which already may invest in ETFs, ETNs, and Commodity Pools, seeks to also invest in: (i) Other investment companies,11 to the extent permitted under the 1940 Act; and (ii) exchange-traded commodity-linked equity securities12 ("Equity Securities") (collectively, "Commodity-Related Assets").
- Each Subsidiary, which already may invest in Commodities Futures, now also seeks to invest in: (i) Exchange-traded futures contracts on commodity indices; (ii) commodity-linked notes;13 (iii) ETNs; (iv) exchange-traded options on Commodities Futures ("Options"); and (v) centrally-cleared or over the counter ("OTC") swaps on commodities ("Swaps"); and (vi) commodity-related forward contracts ("Forwards") (collectively, "Commodity-Linked Instruments"), which provide exposure to the investment returns of the commodities markets, without investing directly in physical commodities.16 Each Subsidiary, through its respective Subsidiary, will only invest in those commodity-linked notes, OTC Swaps, Forwards, or other over-the-counter instruments that are based on the price of relevant Commodities Futures, as applicable, and tend to exhibit trading prices or returns that correlate with any Commodities Futures and that will further the investment objective of such Fund.16 The Funds represent that the

The Exchange states that the changes described herein will be effective contingent upon effectiveness of a post-effective amendment to the Registration Statement of the Trust, on behalf of each Fund.

The term "under normal circumstances" includes, but is not limited to, the absence of extreme volatility or trading halts in the equity, commodities futures 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 manmade disaster, act of God, armed conflict, act of terrorism, riot or labor disruption, or any similar intervening circumstance.

Specifically, the Prior Release noted that all of the Funds will invest in: (1) Exchange-traded funds ("ETFs") that provide exposure to commodities, as would be listed under Nasdaq Rules 5705 and 5735; (2) exchange-traded notes ("ETNs") that provide exposure to commodities, as would be listed under Nasdaq Rule 5710; or (3) exchange-traded pooled investment vehicles that invest primarily in commodities and commodity-linked instruments, as would be listed under Nasdaq Rules 5714(b), (d), (f), (g), (h), (i), and (j) ("Commodity Pool" or "Commodity Pools").

The Exchange represents that, for a Fund's purposes, money market instruments will include: Short-term, high quality securities issued or guaranteed by non-U.S. governments, agencies, and instrumentality; non-convertible corporate debt securities with remaining maturities of not more than 397 days that satisfy ratings requirements under Rule 2a-7 of the 1940 Act; money market mutual funds; and deposits and other obligations of U.S. and non-U.S. banks and financial institutions. 

11 In addition to ETFs, the other investment companies will consist of non-exchange traded U.S. registered open-end investment companies (mutual funds), closed-end investment companies traded on U.S. exchanges, or exchange-traded non-U.S. investment companies traded on foreign exchanges.

12 According to the Exchange, such commodity investment in securities of other investment companies may exceed the limits permitted under the 1940 Act, in accordance with certain terms and conditions set forth in the Investment Company Act Release No. 33838 (Oct. 23, 2012) (File No. 812–13820) or, in the case of non-U.S. investment companies, pursuant to Commission No-Action relief. See Red Rocks Capital, LLC (pub. avail. June 3, 2013).

13 Equity Securities will be comprised of exchange-traded common stocks of companies that operate in commodities, natural resources, and energy businesses, and in associated businesses, as well as companies that provide services or have exposure to such businesses.

14 According to the Exchange, such commodity-linked notes generally will not be exchange-traded; however, it is possible that the futures markets may choose to designate some of those instruments could be listed for trading on an exchange.

15 The Prior Release noted that with respect to Commodities Futures held indirectly through a Subsidiary, not more than 10% of the weight of such Commodities Futures in the aggregate shall consist of instruments whose principal trading market is not a member of the ISG or a market with which the Exchange does not have a comprehensive surveillance sharing agreement. The Exchange states that this 10% limitation applicable to Commodities Futures, commodity index futures, and Options, is not more than 10% of the weight of such Commodities Futures, commodity index futures, and Options, in the aggregate, shall consist of instruments whose principal trading market is not a member of the ISG or a market with which the Exchange has a comprehensive surveillance sharing agreement; however, not more than 10% of each Fund's investments in these investment companies to invest directly in physical commodities. Each Fund, through its respective Subsidiary, will only invest in those commodity-linked notes, OTC Swaps, Forwards, or other over-the-counter instruments that are based on the price of relevant Commodities Futures, as applicable, and tend to exhibit trading prices or returns that correlate with any Commodities Futures and that will further the investment objective of such Fund.16 The Funds represent that the

with respect to Commodities Futures, commodity index futures, and Options, not more than 10% of the weight of such Commodities Futures, commodity index futures, and Options, in the aggregate, shall consist of instruments whose principal trading market is not a member of the ISG or a market with which the Exchange has a comprehensive surveillance sharing agreement. The Exchange states that this 10% limitation applicable to Commodities Futures, commodity index futures, and Options, in the aggregate, is separate from the 10% limitation applicable to exchange-traded equity securities described herein, and is determined separately from this other limitation.
III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change, as modified by Amendment Nos. 1 and 2 thereto, 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, as modified by Amendment Nos. 1 and 2 thereto, 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 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.

The Exchange represents that not more than 10% of each Fund’s investments in Equity Securities, closed-end funds, ETFs, ETNs, Commodity Pools, and non-U.S. investment companies, in the aggregate, will be invested in instruments that trade in markets that are not members of the ISG or that are not parties to a comprehensive surveillance sharing agreement with the Exchange. In addition, the Exchange represents that, with respect to Commodities Futures, commodity index futures, and Options, not more than 10% of the weight of such Commodities Futures, commodity index futures, and Options, in the aggregate, will consist of instruments whose principal trading market is not a member of the ISG or a market with which the Exchange does not have a comprehensive surveillance sharing agreement. The Commission further notes that: (1) Commodity-Linked Instruments will only be held at the Fund’s Subsidiary level; and (2) according to the Prior Release, each Fund’s investment in a Subsidiary may not exceed 25% of the Fund’s total assets.

With respect to the calculation of NAV, in addition to the information set forth in the Prior Release, the Exchange represents that: (i) Equity Securities, ETNs, and futures on commodity indices will be valued at the last sales price or the official closing price on the exchange where such securities principally trade; (ii) investment companies will be valued using such company’s end of the day NAV per share, unless the shares are exchange-traded, in which case they will be valued at the last sales price or official closing price on the exchanges on which they primarily trade; (iii) Options generally will be valued at the closing price (and, if no closing price is available, at the mean of the last bid/ask quotations) generally from the exchange where such instruments principally trade; and (iv) Swaps, commodity-linked notes and Forwards generally will be valued based on quotations from a pricing vendor (such quotations being derived from available market- and company-specific data), all in accordance with valuation procedures adopted by the Board of Trustees of the Trust. All other valuation procedures pertaining to the Funds, and as set forth in the Prior Release, are unchanged.

On each business day, before commencement of trading in Shares in the Regular Market Session on the Exchange, each Fund will disclose on its Web site the identities and quantities of its portfolio of securities and other assets (“Disclosed Portfolio,” as defined in Nasdaq Rule 5735(c)(2)) held by such Fund and its Subsidiary, which will form the basis for each Fund’s calculation of NAV at the end of the business day. In addition to the information set forth in the Prior Release, the Funds will disclose on a daily basis on the Funds’ Web site the following information regarding each portfolio 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; for Swaps, a description of the type of Swap; 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 percentage weighting of the holding in the Fund’s portfolio. The Web site information will be publicly available at no charge. Intraday price information on the exchange-traded assets held by the Fund and the Subsidiary, including the Equity Securities, ETNs, Options, exchange-traded investment companies (including closed-end funds), and exchange-traded futures contracts on commodity indices will be available via the quote and trade service of the respective exchanges on
which they principally trade. Additionally, price information on Swaps, commodity-linked notes, Forwards, and non-exchange traded investment companies will be available from major broker-dealer firms or through subscription services, such as Bloomberg, Markit, and Thomson Reuters, which can be accessed by entities that have entered into an authorized participant agreement with the Trust and other investors.

In addition to the information set forth in the Prior Release, the Exchange represents that: (i) FINRA, on behalf of the Exchange, will communicate as needed regarding trading information it can obtain relating to exchange-traded or centrally-cleared equity securities and assets held by a Fund or its Subsidiary, as applicable, which include exchange-traded Commodity-Related Assets and exchange-traded or centrally-cleared Commodity-Linked Instruments, with other markets and other entities that are members of the ISG; (ii) FINRA may obtain trading information regarding trading in exchange-traded equity securities and other assets held by each Fund and each Subsidiary, as applicable, from such markets and other entities; and (iii) the Exchange may obtain information regarding trading in exchange-traded equity securities and other assets held by each Fund and each Subsidiary from such markets and other entities (as long as such markets and other entities are members of ISG or have in place a comprehensive surveillance sharing agreement with the Exchange). The Exchange has a general policy prohibiting the distribution of material, non-public information by its employees.

The Commission notes that, beyond the changes described herein, the Exchange represents that there are no changes to any other information included in the Prior Release, and all other facts presented and representations made in the Prior Release remain true and in effect. The Commission further notes that the Funds and their Subsidiaries must comply with the requirements of Nasdaq Rule 5735 to be initially and continuously listed and traded on the Exchange. This approval order is based on all of the Exchange’s representations and description of the Funds, including those set forth above, in the Prior Release, and in the Notice.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,24 that the proposed rule change (SR–NASDAQ–2015–049), as modified by Amendment Nos. 1 and 2 thereto, be, and it hereby is, approved.

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

Robert W. Errett,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fee Schedule on the BOX Market LLC Options Facility

July 1, 2015.

Pursuant to Section 19(b)(1) under the Securities Exchange Act of 1934 (the “Act”),3 and Rule 19b–4 thereunder,2 notice is hereby given that on June 29, 2015, BOX Options Exchange LLC (the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange filed the proposed rule change pursuant to Section 19(b)(3)(A)(ii) of the Act,4 and Rule 19b–4(f)(2) thereunder,5 which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to amend the Fee Schedule on the BOX Market LLC (“BOX”) options facility. While changes to the fee schedule pursuant to this proposal will be effective upon filing, the changes will become operative on July 1, 2015. The text of the proposed rule change is available from the principal office of the Exchange, at the Commission’s Public Reference Room and also on the Exchange’s Internet Web site at http://boxexchange.com.

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 aspects of such statements.

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

1. Purpose

The Exchange proposes to make a number of changes to Section I.A of the BOX Fee Schedule, Exchange Fees for Non-Auction Transactions.

First, the Exchange proposes to amend certain credits in the pricing model outlined in Section I.A. (Non-Auction Transactions).6 In this section, fees and credits are assessed depending upon three factors: (i) The account type of the Participant submitting the order; (ii) whether the Participant is a liquidity provider or liquidity taker; and (iii) the account type of the contra party. Non-Auction Transactions in Penny Pilot Classes are assessed different fees or credits than Non-Auction Transactions in Non-Penny Pilot Classes. The Exchange recently adopted this pricing model6 and now proposes to amend certain credits in this section.

Specifically, the Exchange proposes to eliminate the Maker and Taker credits for Public Customers interacting with Professional Customers/Broker Dealers or Market Makers in both Penny Pilot and Non-Penny Pilot Classes. Public Customers currently receive a $0.10 credit (Penny Pilot Classes) and $0.45 credit (Non-Penny Pilot Classes) when interacting with Professional Customers, Broker Dealers or Market Makers, regardless of whether they are adding or removing liquidity. The Exchange proposes to eliminate both these credits.

These transactions will remain exempt from the Liquidity Fees and Credits outlined in Section II of the BOX Fee Schedule. The revised fee structure


2 Non-Auction Transactions are those transactions executed on the BOX Book.