PRODUCT LIST.


Stanley F. Mires,
Attorney, Federal Compliance.
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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Participant Fee

December 23, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),1 and Rule 19b–4 thereunder,2 notice is hereby given that on December 17, 2015, The NASDAQ Stock Market LLC ("Nasdaq" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes [sic] amend the Exchange’s transaction fees at Chapter XV, entitled “Options Pricing,” Section 10, entitled “Participant Fee—Options.”

The Exchange proposes [sic] an increase to its Participant Fee to recoup costs incurred by the Exchange. The Exchange’s Participant Fee is competitive with those of other options exchanges.6

The Exchange believes that its proposal is consistent with Section 6(b) of the Act7 in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which the Exchange operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, for example, the Commission indicated that

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 increase the NOM Participant Fee, so the Exchange can allocate its costs to various options market participants. Today, the Exchange assesses all NOM Participants a $500 per month Participant Fee. This fee was initially assessed in 2012.4 The Exchange proposes to increase this Participant Fee from $500 to $1,000 per month for all NOM Participants. The proposed Participant Fee is in addition to the trading rights fee of $1,000 per month to be an Exchange member.5

The Exchange believes this Participant Fee is competitive with fees at other options exchanges.6

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which the Exchange operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, for example, the Commission indicated that

4 See Exchange Rule 7001.
5 See note 14 below.
6 15 U.S.C. 78b(b)(4) and (5).

3 See note 14 below.
4 See note 14 below.
6 15 U.S.C. 78b(b)(4) and (5).
market forces should generally determine market data fees and competition in its broader forms that are most important to investors and listed companies. 11

Likewise, in NetCoalition v. NYSE Arca, Inc.10 ("NetCoalition") the D.C. Circuit upheld the Commission's use of a market-based approach in evaluating the fairness of market data fees challenging that Congress mandated a cost-based approach.11 As the court emphasized, the Commission "intended in Regulation NMS that 'market forces, rather than regulatory requirements' play a role in determining the market data . . . to be made available to investors and at what cost." 12

Further, "[n]o one disputes that competition for order flow is 'fierce.' . . . As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution'; and '[n]o exchange can afford to take its market share percentages for granted because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker-dealers.' . . ." 13 Although the court and the SEC were discussing the cash equities markets, the Exchange believes that these views apply with equal force to the options markets.

The Exchange’s proposal to increase the NOM Participant Fee from $500 to $1,000 per month is reasonable because the Exchange is seeking to recoup costs related to membership administration. The proposed fee increase is competitive with fees at other options exchanges.14

The Exchange’s proposal to increase the NOM Participant Fee from $500 to $1,000 per month is equitable and not unfairly discriminatory because the Participant Fee will be assessed uniformly to each NOM Participant.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. 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.

In terms of intra-market competition, the Exchange’s proposal to increase the NOM Participant Fee from $500 to $1,000 per month does not impose an undue burden on competition because the Exchange would uniformly assess the same Participant Fee to each NOM Participant. If the proposed amendment is unattractive to market participants, it is likely that the Exchange will lose Participants. 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.

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

No written comments were either solicited or received.

II. 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)(ii) of the Act.15 At any time within 60 days of the filing of the proposed rule change, the Commission may temporarily suspend such rule change if it appears to the Commission that such action is: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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);
- Send an email to rule-comments@sec.gov. Please include File Number SR–NASDAQ–2015–154 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–NASDAQ–2015–154. 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 communications relating 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.,
The Shares will be offered by Exchange Traded Concepts Trust (the “Trust”), a Delaware statutory trust, Exchange Traded Concepts, LLC will serve as the investment adviser to the Funds (“Adviser”). Vident Investment Advisory, LLC (the “Sub-Adviser”) will serve as sub-adviser to the Funds.\(^6\) SEI Investments Distribution Co. (“SIDCO”), (the “Distributor”) will be the principal underwriter and distributor of the Funds’ Shares. SEI Investments Global Funds Services (the “Administrator”) will serve as the administrator, custodian, transfer agent and fund accounting agent for the Funds.\(^7\) Comment. 06 to Rule 8.600 provides that, if the investment adviser to the investment company issuing Managed Fund Shares is affiliated with a broker-dealer, such investment adviser shall erect a “fire wall” between the investment adviser and the broker-dealer with respect to access to information concerning the composition and/or changes to such investment company portfolio. In addition, Comment. 06 further requires that personnel who make decisions on the open-end fund’s portfolio composition must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the open-end fund’s portfolio.\(^8\) Comment. 06 to Rule 8.600.

\(^{10}\) The Trust is registered under the 1940 Act. On October 9, 2015, the Trust filed with the Commission an amendment to its registration statement on Form N–1A under the Securities Act of 1933 (15 U.S.C. 77a) (“Securities Act”), and under the 1940 Act relating to the Funds (File Nos. 333–156529 and 811–22263) (“Registration Statement”). The description of the operation of the Trust and the Funds herein is based, in part, on the Registration Statement. In addition, the Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act. See Investment Company Act Release No. 30445, April 2, 2013 (File No. 812–13969) (“Exemptive Order”).

\(^{7}\) The Funds are subject to regulation under the Commodity Exchange Act (“CEA”) and Commodity Futures Trading Commission (“CFTC”) rules as commodity pools. The Adviser is registered as a commodity pool operator (“CPO”), and the Funds will be operated in accordance with CFTC rules.

\(^{8}\) An investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 (the “Advisers Act”). As a result, the Adviser and Sub-Adviser and their related personnel will be subject to the provisions of Rule 204A–1 under the Advisers Act relating to codes of ethics. This Rule requires investment advisers to adopt a code of ethics that reflects the fiduciary nature of the relationship to clients as well as compliance with other applicable securities laws. Accordingly, procedures designed to prevent the communication and misuse of non-public information by an investment adviser must be consistent with Rule 204A–1 under the Advisers Act. In addition, Rule 206(4)–7 under the Advisers Act makes it unlawful for an investment adviser to provide investment advice to clients unless such investment adviser has (i) adopted and

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change To List and Trade Shares of the REX Gold Hedged S&P 500 ETF and the REX Gold Hedged FTSE Emerging Markets ETF Under NYSE Arca Equities Rule 8.600

December 23, 2015.

Pursuant to Section 19(b)(1) \(^1\) of the Securities Exchange Act of 1934 ("Act") \(^2\) and Rule 19b–4 thereunder, \(^3\) notice is hereby given that, on December 10, 2015, NYSE Arca, Inc. ("Exchange" or "NYSE Arca") 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 self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to list and trade shares of the following under NYSE Arca Equities Rule 8.600 ("Managed Fund Shares"): The REX Gold Hedged S&P 500 ETF and the REX Gold Hedged FTSE Emerging Markets ETF. The text of the proposed rule change is available on the Exchange’s Web site at www.nysexchange, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization 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 those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

The Exchange proposes to list and trade shares (the "Shares") of the following under NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares: The REX Gold Hedged S&P 500 ETF and the REX Gold Hedged FTSE Emerging Markets ETF (each a "Fund" and, collectively, the "Funds").\(^5\)

\(^{1}\) 17 CFR 200.30–3(a)(12).


\(^{5}\) A Managed Fund Share is a security that represents an interest in an investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a–1) (the "1940 Act") organized as an open-end investment company or similar entity that invests in a portfolio of securities selected by its investment adviser consistent with its investment objectives and policies. In contrast, an open-end investment company that issues Investment Company Units, listed and traded on the Exchange under NYSE Arca Equities Rule 5.2(j)(3), seeks to provide investment results that correspond generally to the price and yield performance of a specific foreign or domestic stock index, fixed income securities index or combination thereof.


\(^{7}\) The Shares will be offered by Exchange Traded Concepts Trust (the “Trust”), a Delaware statutory trust, Exchange Traded Concepts, LLC will serve as the investment adviser to the Funds (“Adviser”). Vident Investment Advisory, LLC (the “Sub-Adviser”) will serve as sub-adviser to the Funds.\(^6\) SEI Investments Distribution Co. (“SIDCO”), (the “Distributor”) will be the principal underwriter and distributor of the Funds’ Shares. SEI Investments Global Funds Services (the “Administrator”) will serve as the administrator, custodian, transfer agent and fund accounting agent for the Funds.

\(^{8}\) Comment. 06 to Rule 8.600.