SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon Written Request Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE., Washington, DC 20549–2736

Extension: Regulation S
SEC File No. 270–315, OMB Control No. 3235–0357

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.), the Securities and Exchange Commission (“Commission”) is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

Regulation S (17 CFR 230.901 through 230.905) sets forth rules governing offers and sales of securities made outside the United States without registration under the Securities Act of 1933 (15 U.S.C. 77a et seq.). Regulation S clarifies the extent to which Section 5 of the Securities Act applies to offers and sales of securities outside of the United States. Regulation S is assigned one burden hour for administrative convenience.

Written comments are invited on: (a) Whether this collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency’s estimate of the burden imposed by the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

Consideration will be given to comments and suggestions submitted in writing within 60 days of this notice.

Charles Mierzwa, Chief of Information Resources Management.

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SECURITIES AND EXCHANGE COMMISSION

Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Designation of a Longer Period for Commission Action on Proposed Rule Change to BZX Rule 14.11(i), Managed Fund Shares, To List and Trade Shares of the ProShares Crude Oil Strategy ETF

August 23, 2016.

On July 1, 2016, Bats BZX Exchange, Inc. (“BZX”) 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 to list and trade shares of the ProShares Crude Oil Strategy ETF, a series of ProShares Trust, under Rule 14.11(i). The proposed rule change was published for comment in the Federal Register on July 21, 2016.3 The Commission has received no comment letters on the proposed rule change.

Section 19(b)(2) of the Act4 provides that, within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The Commission is extending this 45-day time period. The Commission finds that it is appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the proposed rule change.

Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,5 designates October 19, 2016, as the date by which the Commission shall either approve or disapprove or institute proceedings to determine whether to disapprove the proposed rule change (File Number SR–BatsBZX–2016–34).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.6

Robert W. Errett,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, To List and Trade Shares of the First Trust CEF Income Opportunity ETF and the First Trust Municipal CEF Income Opportunity ETF

August 23, 2016.

I. Introduction


6 Amendment No. 1 is available at https://www.sec.gov/comments/sr-nasdaq-2016-71/nasdaq2016071-2.pdf.
modified by Amendment No. 1, in the Federal Register on May 31, 2016. The Commission received one comment letter on the proposed rule change. This order approves the proposed rule change, as modified by Amendment No. 1.

II. The Exchange’s Description of the Proposal

The Exchange proposes to list and trade the Shares under Nasdaq Rule 5775, which governs the listing and trading of Managed Fund Shares on the Exchange. The Shares will be offered by First Trust Exchange-Traded Fund VIII (“Trust”), which was established as a Massachusetts business trust on February 22, 2016. The investment advisor to the Funds will be First Trust Advisors L.P. (“Adviser”). The Distributor will be the principal underwriter and distributor of the Shares. The Bank of New York Mellon Corporation will act as the administrator, accounting agent, custodian and transfer agent to the Funds.

Principal Investments of the Funds

The investment objective of the CEF Income Opportunity Fund will be to seek to provide current income with a secondary emphasis on total return. Under normal market conditions, the CEF Income Opportunity Fund will seek to achieve its investment objective by investing at least 80% of its net assets in closed-end funds. The investment objective of the Municipal CEF Income Opportunity Fund will be to seek to provide current income. Under normal market conditions, the Municipal CEF Income Opportunity Fund will seek to achieve its investment objective by investing at least 80% of its net assets (including investment borrowings) in a portfolio of municipal closed-end funds.

Non-Principal Investments for Each Fund

While under normal market conditions each Fund will invest at least 80% of its net assets as described above, each Fund may invest (in the aggregate) up to 20% of its net assets in the following securities and instruments. Each Fund may invest in exchange-traded funds (“ETFs”) and exchange-traded notes (“ETNs”). Each Fund may invest in money market mutual funds that will be investment companies registered under the 1940 Act.

Each Fund may hold cash or invest in the following short-term debt instruments:

1. Fixed rate and floating rate U.S. government securities, including bills, notes and bonds differing as to maturity and rates of interest, which are either issued or guaranteed by the U.S. Treasury or by U.S. government agencies or instrumentalities;
2. Certificates of deposit issued against funds deposited in a bank or savings and loan association; and
3. Bankers’ acceptances, which are short-term credit instruments used to finance commercial transactions;
4. Repurchase agreements, which involve purchases of debt securities; and
5. Bank time deposits, which are monies kept on deposit with banks or savings and loan associations for a stated period of time at a fixed rate of interest; and
6. Commercial paper, which is short-term unsecured promissory notes.

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. In particular, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with Section 6(b)(5) of the Exchange 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 Investors Service, Inc. or Fitch Ratings and will have a maturity of one year or less. See id. at 34409, n.12.

The Exchange states that each Fund intends to enter into repurchase agreements only with financial institutions and dealers believed by the Adviser to present minimal credit risks in accordance with criteria approved by the Board of Trustees of the Trust. The Adviser will review and monitor the creditworthiness of such institutions. The Adviser will monitor the value of the collateral at the time the transaction is entered into and at all times during the term of the repurchase agreement. See id. at 34409, n.13.

The Exchange represents that each Fund may only invest in commercial paper rated A-1 or higher by S&P Ratings, Prime-1 or higher by Moody’s or F1 or higher by Fitch. See id. at 34409, n.14.

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).

14 The Exchange states that each Fund intends to enter into repurchase agreements only with financial institutions and dealers believed by the Adviser to present minimal credit risks in accordance with criteria approved by the Board of Trustees of the Trust. The Adviser will review and monitor the creditworthiness of such institutions. The Adviser will monitor the value of the collateral at the time the transaction is entered into and at all times during the term of the repurchase agreement. See id. at 34409, n.13.

15 The Exchange represents that each Fund may only invest in commercial paper rated A-1 or higher by S&P Ratings, Prime-1 or higher by Moody’s or F1 or higher by Fitch. See id. at 34409, n.14.

16 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).

Exchange Act,18 which sets forth Congress’s 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.

The Commission 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. As stated in the Notice, 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, quotation and last-sale information for the Shares will be available via Nasdaq proprietary quote and trade services, as well as in accordance with the Unlisted Trading Privileges and the Consolidated Tape Association (“CTA”) plans for the Shares. Quotation and last-sale information for the Closed-End Funds, ETFs, and ETNs will be available from the exchanges on which they are traded as well as in accordance with any applicable CTA plans. Pricing information for short-term U.S. government securities, commercial paper, bankers’ acceptances, repurchase agreements, bank time deposits, and certificates of deposit will be available from major broker-dealer firms and/or major market data vendors or pricing services. Pricing information for Closed-End Funds, ETFs, and ETNs will be available from the applicable listing exchange (as indicated above) and from major market data vendors. Prices for money market mutual funds will be available through the applicable fund’s Web site or from major market data vendors. In addition, for each Fund, an estimated value, defined in Exchange Rule 5735(c)(3) as the “Intraday Indicative Value,” that reflects an estimated intraday value of the Fund’s Disclosed Portfolio, will be disseminated. Moreover, the Intraday Indicative Value, available on the NASDAQ OMX Information LLC proprietary index data service,19 will be based upon the current value for the components of the Disclosed Portfolio and will be updated and widely disseminated by one or more major market data vendors and broadly displayed at least every 15 seconds during the Regular Market Session.20 Nasdaq will halt trading in the Shares under the conditions specified in Nasdaq Rules 4120 and 4121, including the trading pauses under Nasdaq Rules 4120(a)(11) and (12). Trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable.21 Trading in the Shares also will be subject to Rule 5735(d)(2)(D), which sets forth circumstances under which trading in the Shares may be halted.22

The Exchange represents that it has a general policy prohibiting the distribution of material, non-public information by its employees.23 Nasdaq Rule 5735(g) 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 non-public information regarding the open-end fund’s portfolio. The Exchange states that the Adviser is not a broker-dealer, but it is affiliated with the Distributor, a broker-dealer, and has implemented and will maintain a fire wall with respect to its broker-dealer affiliate regarding access to information concerning the composition and/or changes to a portfolio. In the event (a) the Adviser or any sub-adviser registers as a broker-dealer, or (b) any new adviser or sub-adviser is a registered broker-dealer or becomes affiliated with another broker-dealer, it will implement and will maintain a fire wall with respect to its relevant personnel or such broker-dealer affiliate, as applicable, regarding access to

Values for ETFs. See Notice, supra note 4, 81 FR at 34411, n.25.

20 The Exchange states that premiums and discounts between the Intraday Indicative Value and the market price may occur, but that the dissemination of the Intraday Indicative Value together with the Disclosed Portfolio, will allow investors to determine the value of the underlying portfolio of a Fund on a daily basis and will provide a close estimate of that value throughout the trading day. See id. at 34411.

21 These may include: (1) The extent to which trading is not occurring in the securities and/or the other assets constituting 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.

22 See id.

23 The Exchange represents that it deems the Shares to be equity securities, thus rendering trading in the Shares subject to Nasdaq’s existing rules governing the trading of equity securities. See id. at 34411.

24 See Notice, supra note 8.

25 See Notice, supra note 4, 81 FR at 34412.

26 See id. at 34411–12. 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 id. at 34412, n.27.

27 See id. at 34412.

(4) The Closed-End Funds, ETFs, and ETNs held by the Funds will trade in markets that are members of ISG or are

24 See supra, note 8.

25 See Notice, supra note 4, 81 FR at 34412.

26 See id. at 34411–12. 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 id. at 34412, n.27.

27 See id. at 34412.
parties to a comprehensive surveillance sharing agreement with the Exchange.28
(5) Prior to the commencement of trading, 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 for each Fund will discuss the following: (1) The procedures for purchases and redemptions of Shares in Creation Units (and that Shares are not individually redeemable); (2) Nasdaq Rule 2111A, which imposes suitability obligations on Nasdaq members with respect to recommending transactions in the Shares to customers; (3) how information regarding the Intraday Indicative Value and the Disclosed Portfolio is disseminated; (4) 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; (5) the requirement that members deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (6) trading information. The Information Circular will also discuss any
exemptive, no-action and interpretive relief granted by the Commission from any rules under the Exchange Act.29
(6) For initial and continued listing, each Fund must be in compliance with Rule 10A–3 under the Exchange Act.30
(7) Shares of Closed-End Funds, ETFs, and ETNs held by a Fund will trade in markets that are members of ISG or are parties to a comprehensive surveillance sharing agreement with the Exchange.
(8) The Funds will not invest in derivative instruments.
(9) While the Funds may invest in inverse ETFs and ETNs, the Funds will not invest in leveraged or inverse leveraged ETFs or ETNs.31
(10) Each Fund may hold up to an aggregate amount of 15% of its net assets in illiquid assets (calculated at the time of investment), deemed illiquid by the Adviser. Each 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 such 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.
(11) A minimum of 100,000 Shares will be outstanding at the commencement of trading on the Exchange.32
(12) All statements and representations made in this filing regarding (a) the description of the portfolios, (b) limitations on portfolio holdings or reference assets, or (c) the applicability of Exchange rules and surveillance procedures shall constitute continued listing requirements for listing the Shares on the Exchange. In addition, the issuer has represented to the Exchange that it will advise the Exchange of any failure by the Funds to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Exchange Act, the Exchange will monitor for compliance with the continued listing requirements. If a Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under the Nasdaq 5800 Series.33
This approval order is based on all of the Exchange’s representations, including those set forth above and in the Notice. For the reasons discussed above, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with the requirements of the Exchange Act.34
IV. Conclusion
IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Exchange Act,35 that the proposed rule change (SR–NASDAQ–2016–071), 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.

Robert W. Errett,
Deputy Secretary.

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15 See Notice, supra note 4.
28 Additionally, the Information Circular for each Fund will reference that such Fund is subject to various fees and expenses described in the Registration Statement. The Information Circular for each Fund will also disclose the trading hours of the Shares of such Fund and the applicable NAV Calculation Time for the Shares. See id.
31 See notes 11 and 12, supra.
32 See id. at 34411. See id. at 34412.
33 The Commission notes that the comment letter, supra note 5, does not raise any specific concerns about whether any aspect of the proposed rule change is inconsistent with the Exchange Act.