

whether the amount of securities purchased by the Fund, or its respective Master Fund, in Affiliated Underwritings and the amount purchased directly from an Underwriting Affiliate have changed significantly from prior years. The Board will take any appropriate actions based on its review, including, if appropriate, the institution of procedures designed to ensure that purchases of securities in Affiliated Underwritings are in the best interest of shareholders of the Fund.

8. Each Fund, or its respective Master Fund, will maintain and preserve permanently in an easily accessible place a written copy of the procedures described in the preceding condition, and any modifications to such procedures, and will maintain and preserve for a period of not less than six years from the end of the fiscal year in which any purchase in an Affiliated Underwriting occurred, the first two years in an easily accessible place, a written record of each purchase of securities in Affiliated Underwritings once an investment by a Fund of Funds in the securities of the Fund exceeds the limit of section 12(d)(1)(A)(i) of the Act, setting forth from whom the securities were acquired, the identity of the underwriting syndicate's members, the terms of the purchase, and the information or materials upon which the Board's determinations were made.

9. Before investing in a Fund in excess of the limit in section 12(d)(1)(A), a Fund of Funds and the Trust will execute a FOF Participation Agreement stating, without limitation, that their respective boards of directors or trustees and their investment advisers, or trustee and Sponsor, as applicable, understand the terms and conditions of the order, and agree to fulfill their responsibilities under the order. At the time of its investment in Shares of a Fund in excess of the limit in section 12(d)(1)(A)(i), a Fund of Funds will notify the Fund of the investment. At such time, the Fund of Funds will also transmit to the Fund a list of the names of each Fund of Funds Affiliate and Underwriting Affiliate. The Fund of Funds will notify the Fund of any changes to the list of the names as soon as reasonably practicable after a change occurs. The Fund and the Fund of Funds will maintain and preserve a copy of the order, the FOF Participation Agreement, and the list with any updated information for the duration of the investment and for a period of not less than six years thereafter, the first two years in an easily accessible place.

10. Before approving any advisory contract under section 15 of the Act, the

board of directors or trustees of each Investing Management Company including a majority of the disinterested directors or trustees, will find that the advisory fees charged under such contract are based on services provided that will be in addition to, rather than duplicative of, the services provided under the advisory contract(s) of any Fund, or its respective Master Fund, in which the Investing Management Company may invest. These findings and their basis will be fully recorded in the minute books of the appropriate Investing Management Company.

11. Any sales charges and/or service fees charged with respect to shares of a Fund of Funds will not exceed the limits applicable to a fund of funds as set forth in NASD Conduct Rule 2830.

12. No Fund, or its respective Master Fund, will acquire securities of an investment company or company relying on section 3(c)(1) or 3(c)(7) of the Act in excess of the limits contained in section 12(d)(1)(A) of the Act, except to the extent (i) the Fund, or its respective Master Fund, acquires securities of another investment company pursuant to exemptive relief from the Commission permitting the Fund, or its respective Master Fund, to acquire securities of one or more investment companies for short-term cash management purposes, (ii) the Fund acquires securities of the Master Fund pursuant to the Master-Feeder Relief, or (iii) the Fund invests in a Wholly-Owned Subsidiary that is a wholly-owned and controlled subsidiary of the Fund (or its respective Master Fund) as described in the Application. Further, no Wholly-Owned Subsidiary will acquire securities of any other investment company or company relying on section 3(c)(1) or 3(c)(7) of the Act other than money market funds that comply with rule 2a-7 for short-term cash management purposes.

For the Commission, by the Division of Investment Management, under delegated authority.

**Robert W. Errett,**

*Deputy Secretary.*

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**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-77509; File No. SR-BatsBZX-2016-02]

### Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Changes in Connection With the Operation of the Exchange's Equity Options Platform

April 4, 2016.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 24, 2016, Bats BZX Exchange, Inc. (the "Exchange" or "BZX") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6)(iii) thereunder,<sup>4</sup> which renders it 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 Substance of the Proposed Rule Change

The Exchange filed a proposal to amend Rule 21.15, Data Dissemination, in connection with the operation BZX Options, as described below. In connection with this change the Exchange also proposes to adopt definitions of "Priority Customer" and "Priority Customer Order" in Rule 16.1. Finally, the Exchange also proposes a related change to Rule 20.6.

The text of the proposed rule change is available at the Exchange's Web site at [www.batstrading.com](http://www.batstrading.com), 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 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

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(6)(iii).

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 is proposing to modify Rule 21.15, Data Dissemination, which sets forth information regarding quotations and data feeds provided by BZX Options. Specifically, the Exchange proposes to adopt new paragraph (c) to provide information regarding the existence of Priority Customer interest on the BZX order book ("BZX Book"). In connection with this change the Exchange also proposes to adopt definitions of "Priority Customer" and "Priority Customer Order" in Rule 16.1. Finally, the Exchange also proposes a related change to Rule 20.6.

As proposed, the Exchange will make available to all market participants through the Options Price Reporting Authority ("OPRA") an indication that there is Priority Customer interest included in the best bid or offer ("BBO") disseminated by the Exchange. Further, the Exchange will identify Priority Customer orders and trades as such on messages disseminated by the Exchange through its Multicast PITCH data feed. The proposed rule is similar to and based on Rule 21.15(c) of the Exchange's affiliated options exchange, the options platform operated by Bats EDGX Exchange, Inc. ("EDGX Options").

The Exchange notes that EDGX Options Rule 21.15(c) is identical to the proposed rule with the exception that EDGX Options Rule 21.15(c) currently refers to Customers, which term also includes broker-dealers and Public Customers, rather than Priority Customers as proposed by the Exchange. The Exchange notes that simultaneous with this proposal, Bats EDGX Exchange, Inc. is filing a proposal to modify Rule 21.15 to change the reference in such rule to "Priority Customer" and to adopt definitions of "Priority Customer" and "Priority Customer Order."<sup>5</sup>

In addition to the change described above, the Exchange proposes to adopt definitions of "Priority Customer" and "Priority Customer Order" in Rule 16.1 and to use such defined terms in proposed Rule 21.15(c). As proposed, a

Priority Customer would mean any person or entity that is not: (A) a broker or dealer in securities; or (B) a Professional.<sup>6</sup> In turn, a Priority Customer Order would mean an order for the account of a Priority Customer. The proposed definitions are similar to and based on the definitions of the same terms set forth in MIA Rule 100. The Exchange proposes to adopt these new definitions in new paragraph (a)(45) and to re-number existing paragraphs (a)(45) through (a)(47) as paragraphs (a)(46) through (a)(48). In addition, because the defined term "Public Customer Order" is not currently utilized in Exchange Rules, the Exchange proposes to delete this definition, which is currently contained in paragraph (a)(48).

The Exchange proposes to adopt the definition of Priority Customer to exclude both broker-dealers and Professionals. This change is consistent with the Exchange's fee schedule, which already excludes Professionals from the definition of the term Customer for purposes of pricing on the Exchange.<sup>7</sup>

In addition to the proposed changes described above, the Exchange also proposes to modify Rule 20.6(a)(1) to use the defined term of "Professional" rather than the term "Professional Customer," which is not defined in Rule 16.1.

2. Statutory Basis

The Exchange believes that its proposal is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.<sup>8</sup> In particular, the proposal is consistent with Section 6(b)(5) of the Act<sup>9</sup> because it is 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 proposed rule change will allow the Exchange to provide information that is provided by other options exchanges.<sup>10</sup> Equivalent information from the Exchange will enable market participants to participate on the Exchange in the same way that they participate on other options exchanges. In particular, the indication that Priority Customer interest exists on the BZX Book might increase the likelihood of executions for such orders. As set forth above, proposed Exchange Rule 21.15(c) is based on EDGX Rule 21.15(c) and will be identical to such rule following a modification by EDGX Options to instead use the term Priority Customer rather than Customer. Further, the definitions of Priority Customer and Priority Customer Order are similar to and based on the definitions of the same terms set forth in MIA Rule 100.

*(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 that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change does not introduce any burden on competition, but rather, would allow the Exchange to provide information provided by other option exchanges regarding the existence of customer interest on the order book.<sup>11</sup> Similarly, the proposed definitions of Priority Customer and Priority Customer Order would align the Exchange's rules more closely with those of other options exchanges.

*(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others*

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any written comments from members or other interested parties.

**III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

Because the proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become

<sup>6</sup> Pursuant to Rule 16.1(a)(45) (proposed to be renumbered as 16.1(a)(46)), the Exchange defines a "Professional" as any person or entity that (A) is not a broker or dealer in securities, and (B) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s).

<sup>7</sup> See the BZX Options fee schedule available at: [http://www.batsoptions.com/support/fee\\_schedule/bzx](http://www.batsoptions.com/support/fee_schedule/bzx). As defined on the fee schedule, a "Customer" is synonymous with the proposed term Priority Customer in the Exchange's Rules as the definition excludes both broker dealers and Professionals as defined in BZX Rule 16.1.

<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

<sup>10</sup> See EDGX Rule 21.15; see also MIA Rule 506(c); Securities Exchange Act Release No. 62399 (June 28, 2010), 75 FR 38587 (July 2, 2010) (SR-ISE-2010-34) (Order Approving Proposed Rule Change to Fees for the ISE Order Feed) (describing that information is contained on individual limit orders indicating whether such orders are customer orders).

<sup>11</sup> See *id.*

<sup>5</sup> See SR-BatsEDGX-2016-03, available at: [http://www.batstrading.com/regulation/rule\\_filings/edgx/](http://www.batstrading.com/regulation/rule_filings/edgx/).

operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>12</sup> and Rule 19b-4(f)(6) thereunder.<sup>13</sup>

A proposed rule change filed under Rule 19b-4(f)(6) under the Act<sup>14</sup> normally does not become operative for 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii)<sup>15</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Commission believes that waiver of the 30-day operative delay is appropriate because it will allow the Exchange to immediately begin providing information regarding the existence of a Priority Customer on the order book that is similar to information provided by other options exchanges. The Commission also believes that it is appropriate for the Exchange to adopt definitions of Priority Customer and Priority Customer Order as they are similar to and based on MIAX Rule 100. Accordingly, the proposed definitions are similar to existing rules of other options exchanges and do not raise any new policy issues. Based on the foregoing, the Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest.<sup>16</sup> The Commission hereby grants the Exchange's request and designates the proposal operative upon filing.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. 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>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-BatsBZX-2016-02 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-BatsBZX-2016-02. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-BatsBZX-2016-02 and should be submitted on or before April 29, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>17</sup>

Robert W. Errett,  
Deputy Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-77508; File No. SR-BatsEDGX-2016-03]

### Self-Regulatory Organizations; Bats EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Changes in Connection With the Operation of the Exchange's Equity Options Platform

April 4, 2016.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 24, 2016, Bats EDGX Exchange, Inc. (the "Exchange" or "EDGX") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6)(iii) thereunder,<sup>4</sup> which renders it 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 Substance of the Proposed Rule Change

The Exchange filed a proposal to make a modification to Rule 21.1 (Definitions) in connection with the operation of the attribution feature of EDGX Options, as described below. In addition, the Exchange proposes to adopt definitions of "Priority Customer" and "Priority Customer Order" in Rule 16.1 and to use such definitions throughout Rules 21.8, 21.10 and 21.15. Finally, the Exchange also proposes related changes to Rules 20.6 and 21.8.

The text of the proposed rule change is available at the Exchange's Web site at [www.batstrading.com](http://www.batstrading.com), at the principal office of the Exchange, and at the Commission's Public Reference Room.

<sup>17</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

<sup>14</sup> 17 CFR 240.19b-4(f)(6).

<sup>15</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>16</sup> For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).