

because it will provide operational efficiencies in the marketplace, and will therefore support the prompt and accurate clearance and settlement of securities transactions.

*(B) Clearing Agency's Statement on Burden on Competition*

FICC does not believe that the proposed rule change will have any negative impact, or impose any burden, on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

*(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received From Participants, Members, or Others*

Written comments relating to the proposed rule change have not yet been solicited or received. FICC will notify the Commission of any written comments received by FICC.

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

Within 45 days of the date of publication of this notice in the **Federal Register**, or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) By order approve or disapprove the proposed change, or
- (B) institute proceedings to determine whether the proposed change should be 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 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 No. SR-FICC-2013-05 on the subject line.

*Paper Comments*

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File No. SR-FICC-2013-05. 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 of submission. 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 filings also will be available for inspection and copying at the principal office of FICC and on FICC's Web site at [http://dtcc.com/downloads/legal/rule\\_filings/2013/ficc/SR\\_FICC\\_2013\\_05.pdf](http://dtcc.com/downloads/legal/rule_filings/2013/ficc/SR_FICC_2013_05.pdf).

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 No. SR-FICC-2013-05 and should be submitted on or before June 25, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

Kevin M. O'Neill,  
Deputy Secretary.

[FR Doc. 2013-13108 Filed 6-3-13; 8:45 am]

BILLING CODE 8011-01-P

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-69657; File No. SR-NASDAQ-2013-079]

**Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing of a Proposed Rule Change, as Modified by Amendment No. 1 Thereto, Relating to the WisdomTree Global Corporate Bond Fund and the WisdomTree Emerging Markets Corporate Bond Fund**

May 29, 2013.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on May 17, 2013, The NASDAQ Stock Market LLC ("NASDAQ" or the "Exchange") 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 NASDAQ. On May 20, 2013, the Exchange filed Partial Amendment No. 1 to the proposed rule change.<sup>3</sup> The Commission is publishing this notice to solicit comments on the proposed rule change, as modified by Amendment No. 1 thereto, from interested persons.

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

NASDAQ is filing with the Commission a proposed rule change relating to the WisdomTree Global Corporate Bond Fund (the "Global Fund") and the WisdomTree Emerging Markets Corporate Bond Fund (the "Emerging Markets Fund," and collectively with the Global Fund, the "Funds") of the WisdomTree Trust (the "Trust") listed under NASDAQ Rule 5735 (Managed Fund Shares). The shares of the Fund are collectively referred to herein as the "Shares."

The Exchange requests that the proposal be approved on an accelerated basis.

The text of the proposed rule change is available from NASDAQ's Web site at <http://nasdaq.cchwallstreet.com/Filings/>, at NASDAQ's principal office, 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, NASDAQ 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. NASDAQ has prepared summaries, set

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

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

<sup>3</sup> In Partial Amendment No. 1, the Exchange corrected a typographical error by moving the word "indicative" from just before "NAV" to just before "intra-day" such that the sentence, as modified, reads: "The Adviser represents that it does not believe that the ability of the Funds' agent to calculate NAV and an indicative intra-day value ("IV") for each Fund, and disseminate such IV every 15 seconds throughout the trading day, has been impeded by the Funds' current Rule 144A holdings limited to 15% of net assets."

<sup>12</sup> 17 CFR 300.30-3(a)(12).

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 reflect changes to the means of achieving the investment objectives of each of the Funds. The Commission has approved the listing and trading of Shares of each of the Funds under NASDAQ Rule 5735, which governs the listing and trading of Managed Fund Shares on the Exchange.<sup>4</sup> The Exchange believes the proposed rule change raises no significant issues not previously addressed in the Prior Approval Orders. The Funds are actively managed exchange traded funds ("ETFs"). The Shares are offered by the Trust, which was established as a Delaware statutory trust on December 15, 2005. The Trust, which is registered with the Commission as an investment company, has filed a registration statement on Form N-1A with the Commission on behalf of each of the Funds (each, a "Registration Statement").<sup>5</sup>

Description of the Shares and the Fund

WisdomTree Asset Management, Inc. ("WisdomTree Asset Management") is the investment adviser ("Adviser") to the Funds. Western Asset Management Company serves as sub-adviser for the Funds ("Sub-Adviser").<sup>6</sup>

In this proposed rule change, the Exchange proposes to amend the

description of the measures the Sub-Adviser may utilize to implement each of the Fund's investment objectives.<sup>7</sup> The Emerging Markets Fund Order defined Corporate and Quasi-Sovereign Debt as fixed income securities of emerging market countries, such as bonds, notes or other debt obligations, including loan participation notes ("LPNs"), as well as other instruments, such as derivative instruments, collateralized by money market securities, as defined therein. Quasi-Sovereign Debt referred specifically to fixed income securities or debt obligations that are issued by companies or agencies that may receive financial support or backing from a local government. The Global Fund Order defined Global Corporate Debt to include fixed income securities, such as bonds, notes, or other debt obligations, including LPNs, as well as debt instruments denominated in U.S. dollars or local currencies. Global Corporate Debt also included fixed income securities or debt obligations issued by companies or agencies that may receive financial support or backing from local governments, as well as money market securities as defined therein.<sup>8</sup>

Under the Prior Approval Orders, the Funds are permitted to hold up to 15% of their respective net assets in illiquid securities (calculated at the time of investment), including (1) Rule 144A securities and (2) loan interests (such as loan participations and assignments, but not including LPNs).<sup>9</sup> Under the 1940

Act and rules thereunder, the Funds are required to monitor their respective portfolio's liquidity on an ongoing basis to determine whether, in light of current circumstances, an adequate level of liquidity is being maintained, and to 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 were held in illiquid securities.<sup>10</sup>

The Exchange seeks to make a change to the representations made by the Adviser reflected in the Prior Approval Orders to increase the amount of Rule 144A securities that each Fund may hold. Under the proposed amendment, each Fund may continue to hold up to an aggregate amount of 15% of its net assets in illiquid securities (calculated at the time of investment), including (1) Rule 144A securities deemed illiquid by the Adviser or Sub-Adviser, and (2) loan interests (including loan participations and assignments, but not including LPNs).<sup>11</sup> Each Fund will, however, continue to hold up to an additional 40% of its net assets in Rule 144A securities not deemed illiquid by the Sub-Adviser (calculated at the time of investment). The proposed rule change would therefore exclude Rule 144A securities not deemed illiquid by the Adviser or Sub-Adviser from the 15% limitation on investments in illiquid securities, and limit each Fund's investment in liquid Rule 144A securities to 40% of Fund net assets.

<sup>4</sup> The Commission approved NASDAQ Rule 5735 in Securities Exchange Act Release No. 57962 (June 13, 2008), 73 FR 35175 (June 20, 2008) (SR-NASDAQ-2008-039). The Commission previously approved the listing and trading of the Shares of each of the Funds. See Securities Exchange Act Release Nos. 66489 (February 29, 2012), 77 FR 13379 (March 6, 2012) (SR-NASDAQ-2012-004) (order approving listing and trading of WisdomTree Emerging Markets Corporate Bond Fund) ("Emerging Markets Fund Order"); and 68073 (October 19, 2012), 77 FR 65237 (October 25, 2012) (SR-NASDAQ-2012-98) (order approving listing and trading of WisdomTree Global Corporate Bond Fund) ("Global Fund Order," and collectively the "Prior Approval Orders").

<sup>5</sup> See Post-Effective Amendment Nos. 99 to Registration Statement on Form N-1A for the Trust, dated February 8, 2012 (File Nos. 333-132380 and 811-21864) (relating to the Emerging Markets Fund); and 139 to Registration Statement on Form N-1A for the Trust, dated October 26, 2012 (relating to the Global Fund). The descriptions of the Funds and the Shares contained herein are based, in part, on information in the applicable Registration Statement for each Fund.

<sup>6</sup> The Commission has issued an order granting certain exemptive relief to the Trust under the Investment Company Act of 1940 (15 U.S.C. 80a-1) ("1940 Act"). See Investment Company Act Release No. 28171 (October 27, 2008) (File No. 812-13458) ("Exemptive Order").

<sup>7</sup> The changes described herein, including the risks associated with investing in 144A securities, will be reflected in each Fund's Registration Statement, as amended, and become effective upon the filing thereof with the Commission, following approval of this proposal. See *supra* note 5. The Adviser represents that the Adviser and Sub-Adviser have managed and will continue to manage the Funds in the manner prescribed in the Prior Approval Orders, and will not implement the changes described herein until the instant proposed rule change has been approved.

<sup>8</sup> See *supra* note 4.

<sup>9</sup> The Commission has stated that long-standing Commission guidelines have required open-end funds to hold no more than 15% of their net assets in illiquid securities and other illiquid assets. See Investment Company Act Release No. 28193 (March 11, 2008), 73 FR 14618 (March 18, 2008), footnote 34. See also Investment Company Act Release No. 5847 (October 21, 1969), 35 FR 19989 (December 31, 1970) (Statement Regarding "Restricted Securities"); Investment Company Act Release No. 18612 (March 12, 1992), 57 FR 9828 (March 20, 1992) (Revisions of Guidelines to Form N-1A). A fund's portfolio security is illiquid if it cannot be disposed of in the ordinary course of business within seven days at approximately the value ascribed to it by the fund. See Investment Company Act Release No. 14983 (March 12, 1986), 51 FR 9773 (March 21, 1986) (adopting amendments to Rule 2a-7 under the 1940 Act); Investment Company Act Release No. 17452 (April 23, 1990), 55 FR 17933 (April 30, 1990) (adopting Rule 144A under the Securities Act of 1933).

<sup>10</sup> Illiquid securities were defined in the Emerging Markets Fund Order to include securities that cannot be sold or disposed of within seven days in the ordinary course of business at approximately the amount at which a fund has valued such securities. Illiquid securities were defined in the Global Fund Order to 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. See Prior Approval Orders, *supra* note 4.

<sup>11</sup> While the ultimate responsibility for determination of liquidity of securities (including Rule 144A securities) lies with each Fund's Board of Directors, the Funds' Sub-Adviser is responsible for complying with each Fund's restrictions on investing in illiquid securities on a day to day basis. In doing that, the Sub-Adviser makes ongoing determinations about the liquidity of Rule 144A securities that the respective Fund may invest in. In reaching liquidity decisions, the Adviser represents that the Sub-Adviser may consider the following factors: the frequency of trades and quotes for the security; the number of dealers wishing to purchase or sell the security and the number of other potential purchasers; dealer undertakings to make a market in the security; and the nature of the security and of the marketplace trades (e.g. the time needed to dispose of the security, the method of soliciting offers, and the mechanics of transfer). See Securities Act Release No. 6862 (April 23, 1990), 55 FR 17933, 17940 (April 30, 1990) (Resale of Restricted Securities; Changes to Method of Determining Holding Period of Restricted Securities Under Rules 144 and 145).

The Adviser represents that each Fund's holdings in Rule 144A securities not deemed illiquid by the Sub-Adviser will be comprised of issuances with more than \$100 million principal outstanding.

The Adviser represents that the purpose of the proposed change would be to permit the Sub-Adviser the flexibility to meet each Fund's investment objectives by permitting each Fund to invest in a higher percentage of Rule 144A securities not deemed illiquid by the Adviser or Sub-Adviser in accordance with Commission guidance and regulations. Rule 144A securities are securities that are not registered under the Securities Act, but which can only be offered and sold to "qualified institutional buyers" under Rule 144A of the Securities Act.<sup>12</sup> The Exchange notes that Rule 144A was adopted, in part, to promote a more liquid resale market in unregistered securities among institutional investors,<sup>13</sup> and the Adviser represents that liquid institutional markets for Rule 144A securities, including those Rule 144A securities generally held by the Funds, have developed. In this regard, the Adviser represents that most reference benchmarks for non-investment grade corporate bonds include more than 25% Rule 144A securities.<sup>14</sup> ETFs tracking such benchmarks have not, to the knowledge of the Adviser, experienced particular secondary market liquidity issues due to positions in Rule 144A securities. The Adviser would not expect a materially different result for the Funds as the market for investment grade bonds,<sup>15</sup>

which the Funds each hold, is typically more liquid than the market for similar non-investment grade bonds. The Adviser notes further that the average issue size for Rule 144A securities is also comparable to the average issue size for registered securities within most high yield bond indices. The Adviser represents further that currently-listed high yield bond ETFs typically include a significant percentage of Rule 144A securities within their respective portfolios.<sup>16</sup> Based on these representations, the Exchange believes there is ample existing precedent, and that its proposal is consistent with such precedent, to permit the Funds to invest in Rule 144A securities not deemed illiquid by the Adviser or Sub-Adviser, without the 15% limitation currently imposed by the Prior Approval Orders.

In addition, the Exchange proposes that the requirements of the Global Fund Order be modified to permit the Global Fund to invest up to 20% of its net assets in sovereign debt.<sup>17</sup> The Exchange also proposes that the requirements of the Prior Approval

rated in the highest rating category received from an NRSRO. Rating categories may include sub-categories or gradations indicating relative standing. See Global Fund Order at note 11. The Emerging Markets Fund Order does not define the term "investment grade." However, the Adviser represents that it intends to apply the definition of "investment" grade" in the Global Fund Order to the Emerging Markets Fund.

<sup>16</sup> For example, the Adviser represents that as of November 6, 2012, more than 30% of the investment portfolio of the actively-managed Peritus High Yield ETF was comprised of Rule 144A securities. See Securities Exchange Act Release Nos. 63329 (November 17, 2010), 75 FR 71760 (November 24, 2010) (SR-NYSEArca-2010-86) (order approving proposed rule change relating to listing and trading of Peritus High Yield ETF); and 63041 (October 5, 2010), 75 FR 62905 (October 13, 2010) (SR-NYSEArca-2010-86) (notice of filing of proposed rule change to list the Peritus High Yield ETF). See also Securities Exchange Act Release No. 66818 (April 17, 2012), 77 FR 24233 (April 23, 2012) (SR-NYSEArca-2012-33) (notice of filing and immediate effectiveness of proposed rule change regarding Peritus High Yield ETF). The Adviser also represents that the investment strategies of various index-based high yield ETFs permit active use of Rule 144A securities, provided such securities are deemed liquid. See, e.g., prospectus for SPDR Barclays Capital High Yield Bond ETF, [https://www.spdrs.com/library-content/public/SPDR\\_SERIES%20TRUST\\_SAI.pdf](https://www.spdrs.com/library-content/public/SPDR_SERIES%20TRUST_SAI.pdf), which explicitly permits the fund to invest in Rule 144A securities deemed liquid. The Adviser represents that as of November 6, 2012, the portfolio of the SPDR Barclays High Yield Bond ETF included approximately 37% Rule 144A securities.

<sup>17</sup> The sovereign debt would not fall within the definition of Global Corporate Debt in the Global Fund Order, and it therefore would not be considered as part of the 80% minimum investment in fixed income securities that are Global Corporate Debt within that order. The Registration Statement defines "sovereign debt" as "debt securities of emerging market countries," for purposes of the Emerging Markets Fund, and "as debt securities of foreign governments," for purposes of the Global Fund.

Orders be modified to amend the definitions of Global Corporate Debt and Corporate and Quasi-Sovereign Debt, as applicable, to include both inflation-protected debt, including fixed income securities and other debt obligations linked to inflation rates of local economies, and variable rate or floating rate securities 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.<sup>18</sup> The Adviser represents that these proposed changes in the permitted investments will permit the Funds to invest in a broader range of market sectors, and will thereby help further the Funds' investment objectives to obtain both income and capital appreciation through direct and indirect investments in Global Corporate Debt or Corporate and Quasi-Sovereign Debt, as applicable, and other investments.

The Adviser represents that there is no change to the Funds' respective investment objectives. The Funds will continue to comply with all initial and continuing listing requirements under NASDAQ Rule 5735.

The Net Asset Value ("NAV") of each Fund's Shares is calculated each day the New York Stock Exchange is open for trading as of the close of regular trading on that exchange, generally 4:00 p.m. Eastern Time (the "NAV Calculation Time"). NAV per Share is calculated by dividing a Fund's net assets by the number of Fund Shares outstanding. In calculating the Fund's NAV, each Fund's investments generally are valued using market valuations. Short-term debt securities with remaining maturities of 60 days or less generally are valued on the basis of amortized cost, which approximates fair value. U.S. fixed income assets may be valued as of the announced closing time for such securities on any day that the Securities Industry and Financial Markets Association announces an early closing time. The values of any assets or liabilities of a Fund that are denominated in a currency other than the U.S. dollar are converted into U.S. dollars using an exchange rate deemed appropriate by the Fund.

In certain instances, such as when reliable market valuations are not readily available or are not deemed to

<sup>18</sup> Variable or floating interest rates generally reduce changes in the market price of securities from their original purchase price because, upon readjustment, such rates approximate market rates. Accordingly, as interest rates decrease or increase, the potential for capital appreciation or depreciation is less for variable or floating rate securities than for fixed rate obligations.

<sup>12</sup> The term "qualified institutional buyer" (QIB) is defined in Rule 144A(a)(1). 17 CFR 230.144A(a)(1).

<sup>13</sup> See Securities Act Release No. 6862 (April 23, 1990), 55 FR 17933 (April 30, 1990).

<sup>14</sup> See, e.g., Merrill Lynch High Yield Master II index ("Master II index"), which as of November 6, 2012, was comprised of 32% Rule 144A securities. The Master II index is the benchmark index for the American Century High-Yield Inv ETF (ABHIX). Also, as of March 6, 2013, Barclays High Yield Very Liquid Index was comprised of 43% Rule 144A securities. That index is the benchmark for the SPDR Barclays High Yield Bond ETF (JNK).

<sup>15</sup> The Global Fund intends to have 55% or more of its assets invested in investment grade securities, though this percentage may change from time to time in response to economic events and changes in the credit ratings of such issuers. See Global Fund Order at 65238. The Emerging Markets Fund expects to have 65% or more of its assets invested in investment grade securities, though this percentage may change in response to economic events and changes to the ratings of such issuers. See Emerging Markets Order at 13380.

The Global Fund Order defines the term "investment grade" to mean securities rated in the Baa/BBB categories or above by one or more nationally recognized statistical rating organizations ("NRSROs"). If a security is rated by multiple NRSROs, each Fund will treat the security as being

reflect current market values, the Fund's investments will be valued in accordance with the Fund's pricing policy and procedures. Such securities may be valued using "fair value" pricing and may include, but are not limited to, securities for which there are no current market quotations or whose issuer is in default or bankruptcy, securities subject to corporate actions (such as mergers or reorganizations), securities subject to non-U.S. investment limits or currency controls, and securities affected by "significant events." An example of a significant event is an event occurring after the close of the market in which a security trades but before the Fund's next NAV Calculation Time that may materially affect the value of the Fund's investment (e.g., government action, natural disaster, or significant market fluctuation).

Price movements in U.S. markets that are deemed to affect the value of foreign securities, or reflect changes to the value of such securities, also may cause securities to be "fair valued." When fair-value pricing is employed, the prices of securities used by the Fund to calculate its NAV may differ from quoted or published prices for the same securities.

The Adviser represents that it does not believe that the ability of the Funds' agent to calculate NAV and an indicative intra-day value ("IIV") for each Fund, and disseminate such IIV every 15 seconds throughout the trading day, has been impeded by the Funds' current Rule 144A holdings limited to 15% of net assets. Moreover, the Adviser does not expect that permitting the Funds to increase each of their liquid Rule 144A holdings as requested herein will otherwise impede the ability of the Funds' agent to calculate an NAV and an IIV, and disseminate such IIV every 15 seconds throughout the trading day.

Except for the limited changes proposed herein, all other facts presented and representations made in the Rule 19b-4<sup>19</sup> filings underlying the Prior Approval Orders remain unchanged. The changes proposed herein would be consistent with the Exemptive Order<sup>20</sup> and the 1940 Act and rules thereunder.

## 2. Statutory Basis

NASDAQ believes that the proposal is consistent with Section 6(b) of the Act<sup>21</sup> in general and Section 6(b)(5) of the Act<sup>22</sup> in particular in that 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, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NASDAQ Rule 5735. The Funds will not hold more than 15% of their respective net assets (calculated at the time of investment) in illiquid securities, including (1) Rule 144A securities deemed illiquid, or (2) loan participations or assignments (but not including LPNs). Each Fund may, however, hold up to an additional 40% of its net assets in Rule 144A securities not deemed illiquid by the Sub-Adviser (calculated at the time of investment). The proposal would therefore exclude Rule 144A securities not deemed illiquid by the Adviser or Sub-Adviser from the 15% limitation on investments in illiquid securities, and limit each Fund's investment in liquid Rule 144A securities to 40% of Fund net assets. The Adviser represents that the Fund's holdings in Rule 144A securities not deemed illiquid by the Sub-Adviser will be part of an issuance with more than \$100 million in principal outstanding.

Under the 1940 Act and rules thereunder, the Funds are required to monitor their respective portfolio's liquidity on an ongoing basis to determine whether, in light of current circumstances, an adequate level of liquidity is being maintained, and to 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 were held in illiquid securities.<sup>23</sup> Moreover, while the ultimate responsibility for determination of liquidity of securities (including Rule 144A securities) lies with each Fund's Board of Directors, the Funds' Sub-Adviser is responsible for complying with each Fund's restrictions on investing in illiquid securities on a day to day basis. In doing that, the Sub-Adviser makes ongoing determinations about the liquidity of Rule 144A securities that the respective Fund may invest in. In reaching liquidity decisions, the Sub-Adviser may consider the following factors: The frequency of trades and quotes for the

security; the number of dealers wishing to purchase or sell the security and the number of other potential purchasers; dealer undertakings to make a market in the security; and the nature of the security and of the marketplace trades (e.g. the time needed to dispose of the security, the method of soliciting offers, and the mechanics of transfer).

The Global Fund will continue, under normal circumstances,<sup>24</sup> to invest not less than 80% of its net assets in Global Corporate Debt that are fixed income securities, and the Emerging Markets Fund will continue to invest at least 80% of its net assets in Corporate and Quasi-Sovereign Debt that are fixed income securities. The Funds will continue to comply with all initial and continued listing requirements under NASDAQ Rule 5735.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that the Adviser represents there is no change to either Fund's investment objective. The Adviser represents that the purpose of the proposed changes would be, respectively, to (1) permit the Sub-Adviser the flexibility to meet each Fund's investment objectives by permitting each Fund to invest in Rule 144A securities not deemed illiquid by the Adviser or Sub-Adviser, or (2) permit the Funds to invest in a broader range of market sectors, and thereby help further the Fund's objectives to obtain both income and capital appreciation through direct and indirect investments in Global Corporate Debt or Corporate and Quasi-Sovereign Debt, as applicable, and other investments.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that the Funds may invest more than 15% of their respective net assets in Rule 144A securities solely if those securities are not deemed illiquid by the Adviser or Sub-Adviser. Investors and the public interest are protected under the proposal by finite parameters regarding 144A securities investments: A 40% cap on 144A investment, whereby up to a total of 40% may be in not illiquid 144A securities, and a requirement that

<sup>24</sup> The term "under normal circumstances" 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. See *supra* note 4 regarding SR-NASDAQ-2012-004 and SR-NASDAQ-2012-98.

<sup>19</sup> 17 CFR 240.19b-4.

<sup>20</sup> See *supra* note 6.

<sup>21</sup> 15 U.S.C. 78f.

<sup>22</sup> 15 U.S.C. 78f(b)(5).

<sup>23</sup> See *supra* note 10.

holdings in not illiquid Rule 144A securities will be comprised of issuances with more than \$100 million principal outstanding. Moreover, under the proposal the Global Fund may invest up to 20% of its net assets in sovereign debt, because sovereign debt will not fall within the definition of Global Corporate Debt under the Global Fund Order.<sup>25</sup> Under the proposal, each of the Global Fund and the Emerging Markets Fund will continue to invest not less than 80% of such Fund's respective net assets in fixed income securities, because both inflation-protected debt and variable rate or floating rate debt<sup>26</sup> will fall within the definitions of Global Corporate Debt or Corporate and Quasi-Sovereign Debt, as applicable, under the Prior Approval Orders. The proposed changes are intended to provide additional flexibility to the Funds' Sub-Adviser to meet each Fund's investment objectives.<sup>27</sup>

For the above reasons, NASDAQ believes the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act, and consistent with investment protection in that each Fund's holdings of Rule 144A securities not deemed illiquid by the Sub-Adviser would be limited to 40% of such Fund's net assets, and the holdings in Rule 144A securities not deemed illiquid by the Sub-Adviser will be comprised of issuances with more than \$100 million principal outstanding.

#### *B. Self-Regulatory Organization's Statement on Burden on Competition*

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the proposed rule change is decidedly pro-competitive. The proposed rule change will result in additional investment options to achieve the investment objectives of the Funds, thereby facilitating the listing

and trading of additional actively-managed exchange-traded products that will enhance competition to the benefit of investors, market participants, and the marketplace.

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

Written comments were neither solicited nor received.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall:

- (a) By order approve or disapprove such proposed rule change, or
- (b) institute proceedings to determine whether the proposed rule change should be 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-NASDAQ-2013-079 on the subject line.

##### *Paper Comments*

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-NASDAQ-2013-079. 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 the filing also will 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-NASDAQ-2013-079 and should be submitted on or before June 25, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>28</sup>

**Kevin M. O'Neill,**  
*Deputy Secretary.*

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## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-69659; File No. SR-MIAX-2013-22]

### **Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Permit the Listing of Additional Strikes Until the Close of Trading on the Second Business Day Prior to Expiration in Unusual Market Conditions**

May 29, 2013.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that, on May 20, 2013, Miami International Securities Exchange LLC (the "Exchange" or "MIAX") 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 Commission is publishing this notice to solicit comments on the

<sup>25</sup> Sovereign debt enjoys a relationship to foreign governments that is not unlike that of Treasury debt securities and the U.S. government. For purposes of the Global Fund, for example, sovereign debt is specifically defined as the debt securities of foreign governments. See *supra* note 16.

<sup>26</sup> For variable or floating interest rates, as interest rates decrease or increase the potential for capital appreciation or depreciation is less than for fixed rate obligations. Moreover, variable or floating interest rates generally reduce changes in the market price of securities from their original purchase price because, upon readjustment, such rates approximate market rates.

<sup>27</sup> Moreover, it is not expected that the proposed rule change will impede the ability of the Funds' agent to calculate an NAV and an IIV, and disseminate such IIV every 15 seconds throughout the trading day.

<sup>28</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.