

emphasizing that OCC's records supersede the records of clearing members and further encouraging clearing members to understand, manage, and promptly report stock loan transactions. The Commission therefore believes these specific proposals are consistent with promoting robust risk management.

Second, the Commission believes that OCC's three proposals to mitigate certain risks in the event of a clearing member suspension are consistent with promoting robust risk management. The proposal to provide a two-day trading window in which clearing members must execute close-out transactions, or opt for mandatory settlement, promotes robust risk management by requiring non-suspended clearing members to complete close-out transactions in a timeframe that is consistent with OCC's liquidation assumptions. The proposed alignment of the close-out period with OCC's liquidation assumptions reduces the risk that close-out prices vary too significantly from the prices used to mark the suspended clearing member's stock loans to market. OCC's proposed price-substitution authority also promotes robust risk management by further encouraging non-suspended clearing members to execute close-out transactions in a commercially reasonable manner, thereby reducing financial risk to OCC. Finally, the proposed rule changes in the Hedge Program to permit OCC to terminate and re-establish a suspended clearing member's positions through offset and "re-match" promotes robust risk management by facilitating orderly and efficient termination and re-establishment of stock loans involving a suspended clearing member, which mitigates operational and pricing risks that may arise for OCC and clearing members during the recall-and-return process. The Commission therefore believes that these aspects of the proposal are consistent with the promotion of robust risk management.

Based on the conclusions discussed above, the Commission also believes that OCC's proposal is consistent with promoting the safety and soundness of both OCC and clearing members who participate in the Stock Loan Programs. Accordingly, because promoting the safety and soundness of both OCC and clearing members who participate in the Stock Loan Programs, in turn, both reduces systemic risks that may arise from clearing member participation in these programs and supports the stability of the broader financial system, the Commission also believes that the proposals contained in the Advance Notice are consistent with the stated

objectives and principles of Section 805(b) of the Payment, Clearing and Settlement Supervision Act.

B. Consistency With Rules 17Ad-22(e)(13) and (e)(23) Under the Exchange Act

The Commission believes OCC's proposals in the Advance Notice are consistent with Covered Clearing Agency Standards, specifically Rules (e)(13) and (e)(23) under the Exchange Act.²⁷ Rule 17Ad-22(e)(13) under the Exchange Act requires each covered clearing agency to establish, implement, maintain, and enforce policies and procedures reasonably designed to, among other things, ensure it has the authority and operational capacity to take timely action to contain losses and continue to meet its obligations in the event of a clearing member default.²⁸ More generally, Rule 17Ad-22(e)(23) under the Exchange Act requires covered clearing agencies to establish, implement, maintain, and enforce policies and procedures reasonably designed to, among other things, provide for the public disclosure of all relevant rules and material procedures, including key aspects of default rules and procedures.²⁹

The Commission believes the proposed changes relating to clearing member suspension in OCC's Advance Notice are consistent with Rule 17Ad-22(e)(13) under the Exchange Act. By proposing a fixed trading window in which clearing members must either execute close-out transactions relating to a clearing member suspension or opt for OCC-mandated settlements, OCC is seeking new authority that the Commission believes will better ensure that OCC can take timely actions to contain suspension-related losses and continue to meet stock loan-related obligations in the Stock Loan Programs. The Commission further believes that the proposed authority permitting OCC to withdraw the value of any difference between the clearing member-reported prices and OCC-determined close-out prices likewise better ensures that OCC can contain suspension-related losses, as clearing members would be further incentivized to execute timely close-out transactions at market prices. Finally, the Commission believes that the proposal relating to re-matching-in-suspension better ensures that OCC has authority and operational capacity to contain losses and meet obligations to clearing members in the Hedge Program,

in particular through new rules and mechanisms that reduce the operational, credit, and re-execution risks attendant to the recall-and-return process. The Commission therefore believes OCC's proposal is consistent with Rule 17Ad-22(e)(13) under the Exchange Act.

The Commission also believes that OCC's proposals are consistent with Rule 17Ad-22(e)(23) under the Exchange Act. Each aspect of OCC's Advance Notice is proposed to be disclosed publicly in OCC's rules governing the Stock Loan Programs, including the key suspension-related aspects of its rules providing for close-out transaction timeframes, new price-substitution authority, and termination and re-matching-in-suspension. The Commission therefore believes that OCC's proposal is consistent with Rules 17Ad-22(e)(23) under the Exchange Act.

IV. Conclusion

It is therefore noticed, pursuant to Section 806(e)(1)(G) of the Payment, Clearing and Settlement Supervision Act,³⁰ that the Commission *does not object* to Advance Notice (SR-OCC-2017-802) and that OCC is *authorized* to implement the proposed change.

By the Commission.

Eduardo A. Aleman,
Assistant Secretary.

[FR Doc. 2017-08892 Filed 5-2-17; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80545; File No. SR-IEX-2017-03]

Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To Amend IEX Rule 16.135 To Adopt Generic Listing Standards for Managed Fund Shares

April 27, 2017.

I. Introduction

On January 19, 2017, Investors Exchange LLC ("IEX" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to amend IEX Rule 16.135 to adopt generic listing standards for Managed Fund Shares. The proposed

²⁷ 17 CFR 240.17Ad-22(e)(13), and 17 CFR 240.17Ad-22(e)(23).

²⁸ 17 CFR 240.17Ad-22(e)(13).

²⁹ 17 CFR 240.17Ad-22(e)(23).

³⁰ 12 U.S.C. 5465(e)(1)(G).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

rule change was published for comment in the **Federal Register** on February 8, 2017.³ On March 16, 2017, the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to approve or disapprove the proposed rule change.⁴ On March 21, 2017, IEX filed Amendment No. 1 to the proposed rule change.⁵ The Commission has received no comments on the proposal. The Commission is publishing this notice to solicit comments on Amendment No. 1 from interested persons and is approving the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

II. Description of the Proposed Rule Change

The Exchange proposes to adopt generic listing criteria and continued listing standards for Managed Fund Shares. The Exchange represents that the proposed rule change is substantially identical to Nasdaq Rule 5735.⁶

A. Proposed Generic Listing Criteria

IEX proposes generic listing criteria that would permit the Exchange to list and trade Managed Fund Shares pursuant to Rule 19b-4(e),⁷ rather than by filing a proposed rule change under Section 19(b) of the Act.⁸ The Exchange's listing standards establish requirements for the various types of assets that may be held in the portfolio

of a generically listed, actively managed exchange traded fund ("Portfolio").

1. Equity Components of the Portfolio

Proposed IEX Rule 16.135(b)(1)(A) establishes the criteria applicable to the equity securities included in a Portfolio. Equity securities include the following kinds of securities: U.S. Component Stock (defined in IEX Rule 16.105); Non-U.S. Component Stock, (defined in IEX Rule 16.105); Exchange Traded Derivative Securities (defined in proposed IEX Rule 16.135(c)(6));⁹ Linked Securities (defined in IEX Rule 16.110); and each of the equivalent security types listed on another national securities exchange. Additionally, proposed IEX Rule 16.135(b)(1)(A) provides that no more than 25% of the equity weight of the Portfolio can include leveraged or inverse-leveraged Exchange Traded Derivative Securities or Linked Securities and that, to the extent a Portfolio includes convertible securities, the equity securities into which such securities are converted must meet the criteria of proposed IEX Rule 16.135(b)(1)(A) after converting.

Proposed IEX Rule 16.135(b)(1)(A)(i) requires that U.S. Component Stocks (except as mentioned below) meet the following criteria initially and on a continuing basis:

(1) Component stocks (excluding Exchange Traded Derivative Securities and Linked Securities) that in the aggregate account for at least 90% of the equity weight of the Portfolio (excluding Exchange Traded Derivative Securities and Linked Securities) each shall have a minimum market value of at least \$75 million;

(2) Component stocks (excluding Exchange Traded Derivative Securities and Linked Securities) that in the aggregate account for at least 70% of the equity weight of the Portfolio (excluding Exchange Traded Derivative Securities and Linked Securities) each shall have a minimum monthly trading volume of 250,000 shares, or minimum notional volume traded per month of \$25,000,000, averaged over the previous six months;

(3) The most heavily weighted component stock (excluding Exchange Traded Derivative Securities and Linked

Securities) must not exceed 30% of the equity weight of the Portfolio, and, to the extent applicable, the five most heavily weighted component stocks (excluding Exchange Traded Derivative Securities and Linked Securities) must not exceed 65% of the equity weight of the Portfolio;

(4) Where the equity portion of the Portfolio does not include Non-U.S. Component Stocks, the equity portion of the Portfolio shall include a minimum of 13 component stocks; provided, however, that there would be no minimum number of component stocks if (a) one or more series of Exchange Traded Derivative Securities or Linked Securities constitute, at least in part, components underlying a series of Managed Fund Shares, or (b) one or more series of Exchange Traded Derivative Securities or Linked Securities account for 100% of the equity weight of the Portfolio of a series of Managed Fund Shares;

(5) Except as provided in proposed IEX Rule 16.135(b)(1)(A)(i), equity securities in the Portfolio must be U.S. Component Stocks listed on a national securities exchange and must be NMS Stocks as defined in Rule 600 of Regulation NMS; and

(6) American Depositary Receipts ("ADRs") may be exchange traded or non-exchange traded, but no more than 10% of the equity weight of the Portfolio shall consist of non-exchange traded ADRs.

Proposed IEX Rule 16.135(b)(1)(A)(ii) requires that Non-U.S. Component Stocks must meet the following criteria initially and on a continuing basis:

(1) Non-U.S. Component Stocks each shall have a minimum market value of at least \$100 million;

(2) Non-U.S. Component Stocks each shall have a minimum global monthly trading volume of 250,000 shares, or minimum global notional volume traded per month of \$25,000,000, averaged over the last six months;

(3) The most heavily weighted Non-U.S. Component Stock shall not exceed 25% of the equity weight of the Portfolio, and, to the extent applicable, the five most heavily weighted Non-U.S. Component Stocks shall not exceed 60% of the equity weight of the Portfolio;

(4) Where the equity portion of the Portfolio includes Non-U.S. Component Stocks, the equity portion of the Portfolio shall include a minimum of 20 component stocks; provided, however, that there shall be no minimum number of component stocks if (a) one or more series of Exchange Traded Derivative Securities or Linked Securities constitute, at least in part, components

³ See Securities Exchange Act Release No. 79940 (February 2, 2017), 82 FR 9858.

⁴ See Securities Exchange Act Release No. 80257, 82 FR 14779 (Mar. 22, 2017), (designating May 9, 2017 as the date by which the Commission shall either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change).

⁵ In Amendment No. 1, the Exchange proposes to add certain continued listing requirements for Managed Fund Shares based on those adopted by the Nasdaq Stock Market LLC ("Nasdaq"). The Exchange also makes technical changes to the requirements in IEX Rule 16.135 regarding firewalls and written surveillance procedures. Amendment No. 1 is available at: <https://www.sec.gov/comments/sr-iex-2017-03/iex201703-1708027-150143.pdf>.

⁶ See Amendment No. 1, *supra* note 5, at 33.

⁷ See 17 CFR 240.19b-4(e). Rule 19b-4(e) permits self-regulatory organizations ("SROs") to list and trade new derivative securities products that comply with existing SRO trading rules, procedures, surveillance programs, and listing standards, without submitting a proposed rule change under Section 19(b). See Securities Exchange Act Release No. 40761 (Dec. 8, 1998), 63 FR 70952 (Dec. 22, 1998).

⁸ The Exchange would file separate proposed rule changes before the listing and trading of Managed Fund Shares that do not satisfy the proposed generic listing criteria. See proposed IEX Rule 16.135(b)(1).

⁹ Proposed IEX Rule 16.135(c)(6) defines "Exchange Traded Derivative Securities" as the securities described in IEX Rules 16.105(a) (Portfolio Depository Receipts); 16.105(b) (Index Fund Shares); 16.120 (Trust Issued Receipts); 16.111(d) (Commodity-Based Trust Shares); 16.111(e) (Currency Trust Shares); 16.111(f) (Commodity Index Trust Shares); 16.111(g) (Commodity Futures Trust Shares); 16.111(h) (Partnership Units); 16.111(i) (Trust Units); 16.135 (Managed Fund Shares); and 16.111(j) (Managed Trust Securities).

underlying a series of Managed Fund Shares, or (b) one or more series of Exchange Traded Derivative Securities or Linked Securities account for 100% of the equity weight of the Portfolio of a series of Managed Fund Shares; and

(5) Each Non-U.S. Component Stock shall be listed and traded on an exchange that has last-sale reporting.

2. Fixed Income Components of the Portfolio

Proposed IEX Rule 16.135(b)(1)(B) establishes criteria for fixed income securities that are included in a Portfolio. Fixed income securities are debt securities that are notes, bonds, debentures, or evidence of indebtedness that include, but are not limited to, U.S. Department of Treasury securities (“Treasury Securities”), government-sponsored entity securities (“GSE Securities”), municipal securities, trust preferred securities, supranational debt and debt of a foreign country or a subdivision thereof, investment grade and high yield corporate debt, bank loans, mortgage and asset backed securities, and commercial paper.¹⁰ To the extent that a Portfolio includes convertible securities, the fixed income securities into which such securities are converted shall meet the criteria of proposed IEX Rule 16.135(b)(1)(B) after converting.¹¹

Under proposed IEX Rule 16.135(b)(1)(B), fixed income securities that are part of a Portfolio must satisfy the following criteria initially and on a continuing basis:

(1) Components that in the aggregate account for at least 75% of the fixed income weight of the Portfolio must each have a minimum original principal amount outstanding of \$100 million or more;

(2) No component fixed-income security (excluding Treasury Securities and GSE Securities) shall represent more than 30% of the fixed income weight of the Portfolio, and the five most heavily weighted fixed income securities in the Portfolio (excluding Treasury Securities and GSE Securities) shall not in the aggregate account for more than 65% of the fixed income weight of the Portfolio;

(3) A Portfolio that includes fixed income securities (excluding exempted securities) shall include a minimum of 13 non-affiliated issuers; provided, however, that there shall be no minimum number of non-affiliated issuers required for fixed income securities if at least 70% of the weight of the Portfolio consists of equity

securities as described in IEX Rule 16.135(b)(1)(A);

(4) Component securities that in aggregate account for at least 90% of the fixed income weight of the Portfolio must be: (a) From issuers that are required to file reports pursuant to Sections 13 and 15(d) of the Act; (b) from issuers each of which has a worldwide market value of its outstanding common equity held by non-affiliates of \$700 million or more; (c) from issuers each of which has outstanding securities that are notes, bonds, debentures, or evidence of indebtedness having a total remaining principal amount of at least \$1 billion; (d) exempted securities as defined in Section 3(a)(12) of the Act; or (e) from issuers that are a government of a foreign country or a political subdivision of a foreign country; and

(5) Non-agency, non-GSE, and privately issued mortgage-related and other asset-backed securities shall not account, in the aggregate, for more than 20% of the weight of the fixed income portion of the Portfolio.

3. Cash and Cash Equivalent Portfolio Components

Proposed IEX Rule 16.135(b)(1)(C) provides that a Portfolio may include cash and cash equivalents. Cash equivalents are defined as short-term instruments with maturities of less than three months.¹² The Exchange defines short-term instruments to include the following: (1) 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; (3) bankers’ acceptances, which are short-term credit instruments used to finance commercial transactions; (4) repurchase agreements and reverse repurchase agreements; (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; (6) commercial paper, which are short-term unsecured promissory notes; and (7) money market funds.¹³ The Exchange does not propose to limit to the amount of cash or cash equivalents that may be held in a Portfolio.¹⁴

4. Derivatives in the Portfolio

Proposed IEX Rule 16.135(b)(1)(D) establishes criteria for the portion of a Portfolio that consists of listed derivatives, such as futures, options, and swaps overlying commodities, currencies, financial instruments (*e.g.*, stocks, fixed income securities, interest rates, and volatility), or a basket or index of any of the foregoing. The Exchange does not propose to limit the percentage of a Portfolio that may be composed of such holdings, provided that, in the aggregate, at least 90% of the weight of holdings in listed derivatives (calculated using the aggregate gross notional value) must, on both an initial and continuing basis, consist of futures, options, and swaps for which the Exchange may obtain information via the Intermarket Surveillance Group from other members or affiliates or for which the principal market is a market with which the Exchange has a comprehensive surveillance sharing agreement (“CSSA”).¹⁵ Additionally, the aggregate gross notional value of listed derivatives based on any five or fewer underlying reference assets shall not exceed 65% of the weight of the Portfolio (including gross notional exposures), and the aggregate gross notional value of listed derivatives based on any single underlying reference asset shall not exceed 30% of the weight of the Portfolio (including gross notional exposures).¹⁶

Proposed IEX Rule 16.135(b)(1)(E) establishes a limit on over-the-counter (“OTC”) derivatives. Specifically, no more than 20% of the weight of the Portfolio may be invested in OTC derivatives.¹⁷ For purposes of calculating this limitation, a Portfolio’s investment in OTC derivatives will be calculated as the aggregate gross notional value of the OTC derivatives.¹⁸

Finally, proposed IEX Rule 16.135(b)(1)(F) provides that, to the extent that listed or OTC derivatives are used to gain exposure to individual equities and/or fixed income securities, or to indexes of equities and/or fixed income securities, the aggregate gross notional value of such exposure shall meet the criteria set forth in IEX Rules 16.135(b)(1)(A) and 16.135(b)(1)(B), respectively.

¹⁵ See proposed IEX Rule 16.135(b)(1)(D)(i).

¹⁶ See proposed IEX Rule 16.135(b)(1)(D)(ii).

¹⁷ OTC derivatives include: forwards, options, and swaps overlying commodities, currencies, financial instruments (*e.g.*, stocks, fixed income securities, interest rates, and volatility), or a basket or index of any of the foregoing. See proposed IEX Rule 16.135(b)(1)(E).

¹⁸ See *id.*

¹⁰ See proposed IEX Rule 16.135(b)(1)(B).

¹¹ See *id.*

¹² See proposed IEX Rule 16.135(b)(1)(C).

¹³ See proposed IEX Rule 16.135(b)(1)(C)(ii).

¹⁴ See proposed IEX Rule 16.135(b)(1)(C)(i).

B. Other Proposed Changes to IEX Rule 16.135

With respect to proposals to list and trade shares of actively managed funds that do not satisfy the proposed generic listing criteria, proposed IEX Rule 16.135(b)(1) provides that statements or representations in those 19b–4s regarding the following constitute continued listing standards: (1) The description of the portfolio; (2) limitations on portfolio holdings or reference assets; (3) dissemination and availability of the reference asset or intraday indicative values; or (4) the applicability of IEX rules and surveillance procedures.

The Exchange also proposes to expand to definition of “Disclosed Portfolio” to require that the Web site for each series of Managed Fund Shares must disclose the following information, to the extent applicable: ticker symbol, CUSIP or other identifier, a description of the holding, identity of the asset upon which the derivative is based, the strike price for any options, the quantity of each security or other asset held as measured by select metrics, maturity date, coupon rate, effective date, market value, and percentage weight of the holding in the portfolio.¹⁹

Additionally, the Exchange proposes to amend the continued listing requirements in Rule 16.135(d)(2)(A) by changing the requirement that an Intraday Indicative Value (“IIV”) for Managed Fund Shares be widely disseminated by one or more major market data vendors at least every 15 seconds during the time when the Managed Fund Shares trade on the Exchange to a requirement that an IIV be widely disseminated by one or more major market data vendors at least every 15 seconds during the Regular Market Session, as defined in IEX Rule 1.160(gg).

The Exchange proposes to require that every issue of Managed Fund Shares have a stated investment objective and that it be adhered to under normal market conditions.²⁰

Further, the Exchange also seeks to amend Rule 16.135(d)(2)(C) to provide that IEX will consider suspension of trading and will initiate delisting proceedings under the IEX Rule Series

14.500 with respect to a series of Managed Fund Shares (rather than only considering removing a series from listing) under the following new or revised circumstances:

1. If, following the initial twelve-month period after commencement of trading on IEX of a series of Managed Fund Shares, there are fewer than 50 beneficial holders of the series of Managed Fund Shares.

2. If an interruption to the dissemination of the value of the IIV persists past the trading day in which it occurred or is no longer calculated or available.

3. If the Disclosed Portfolio is not made available to all market participants at the same time.

4. If the series is not in compliance with any statements or representations included in the applicable rule proposal under Section 19(b) of the Act regarding: (a) The description of the portfolio or reference assets; (b) limitations on portfolio holdings or reference assets; (c) dissemination and availability of the reference asset or intraday indicative values; or (d) the applicability of IEX rules and surveillance procedures.

5. If any of the requirements of IEX Rule 16.135 are not continuously maintained.

Further, the Exchange proposes to amend Rule 16.135(g) to provide that, if an investment adviser to the investment company issuing Managed Fund Shares is affiliated with a broker-dealer, the investment adviser must erect and maintain 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.

III. Discussion and Commission’s Findings

After careful review, the Commission finds that the Exchange’s proposal to amend IEX Rule 16.135 to, among other things, adopt generic listing criteria and continued listing requirements, is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange.²¹ In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,²² 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.

IEX’s proposal is substantively identical with respect to Managed Fund Shares to proposals recently approved by the Commission (“Prior Orders”).²³ Accordingly, for the reasons discussed in Prior Orders, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with Section 6(b)(5) of the Act²⁴ and the rules and regulations thereunder applicable to a national securities exchange.

In support of its proposal, the Exchange represents the following:

(1) Managed Fund Shares listed and traded on IEX will conform to the initial and continued listing criteria under Rule 16.135;

(2) The Exchange’s surveillance procedures are adequate to continue to properly monitor the trading of the Managed Fund Shares in all trading sessions and to deter and detect violations of Exchange rules;²⁵

(3) Prior to the commencement of trading of a particular series of Managed Fund Shares, the Exchange will inform its members in an information circular (“Circular”) of the special characteristics and risks associated with trading the Managed Fund Shares, including procedures for purchases and redemptions of Managed Fund Shares, suitability requirements under Rules 3.150 and 3.170, the risks involved in trading the Managed Fund Shares during the Pre-Market and Post-Market Sessions when an updated IIV will not be calculated or publicly disseminated, information regarding the IIV and the Disclosed Portfolio, prospectus delivery requirements, and other trading information;²⁶

²³ See Securities Exchange Act Release Nos. 78918 (Sep. 23, 2016), 81 FR 67033 (Sep. 29, 2016) (SR–NASDAQ–2016–104); 78396 (Jul. 22, 2016), 81 FR 49698 (Jul. 28, 2016) (SR–BATS–2015–100); and 78397 (Jul. 22, 2016), 81 FR 49320 (Jul. 27, 2016) (SR–NYSEArca–2015–110) (orders approving generic listing standards for Managed Fund Shares). See also Securities Exchange Act Release Nos. 80189 (Mar. 9, 2017), 82 FR 13889 (Mar. 15, 2017) (SR–NYSEArca–2017–01); 80169 (Mar. 7, 2017), 82 FR 13536 (Mar. 13, 2017) (SR–BatsBZX–2016–80); and 79784 (Jan. 12, 2017), 82 FR 6664 (Jan. 19, 2017) (SR–NASDAQ–2016–135) (orders approving certain continued listing standards).

²⁴ 15 U.S.C. 78f(b)(5).

²⁵ Specifically, the Exchange intends to utilize its existing surveillance procedures applicable to derivative products, which will include Managed Fund Shares, to monitor trading in the Managed Fund Shares.

²⁶ In addition, the Circular will disclose that the Managed Fund Shares are subject to various fees

¹⁹ See proposed IEX Rule 16.135(c)(2).

²⁰ See proposed IEX Rule 16.135(d)(1)(C). “Normal market conditions” includes, but is not limited to, the absence of trading halts in the applicable financial markets generally; operational issues (e.g., systems failure) causing dissemination of inaccurate market information; or force majeure type events such as a natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption, or any similar intervening circumstance. See proposed IEX Rule 16.135(c)(5).

²¹ 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).

²² 15 U.S.C. 78f(b)(5).

(4) The issuer of a series of Managed Fund Shares will be required to comply with Rule 10A-3 under the Act for the initial and continued listing of Managed Fund Shares, as provided under the IEX Rule Series 14.400;

(5) The Exchange, on a periodic basis and no less than annually, will review issues of Managed Fund Shares generically listed pursuant to Rule 16.135 and will provide a report to the Regulatory Oversight Committee of the Exchange's Board of Directors regarding the Exchange's findings;

(6) The Exchange will provide the Commission staff with a report each calendar quarter that includes the following information for issues of Managed Fund Shares listed during such calendar quarter under Rule 16.135(b)(1): (a) Trading symbol and date of listing on the Exchange; (b) the number of active authorized participants and a description of any failure of an issue of Managed Fund Shares or of an authorized participant to deliver shares, cash, or cash and financial instruments in connection with creation or redemption orders; and (c) a description of any failure of an issue of Managed Fund Shares to comply with Rule 16.135;

(7) Prior to listing pursuant to proposed Rule 16.135(b)(1), an issuer would be required to represent to the Exchange that it will advise the Exchange of any failure by a series of Managed Fund Shares to comply with the continued listing requirements;

(8) Pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will monitor for compliance with the continued listing requirements; and

(9) If a managed fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under IEX Rule Series 14.500.

This approval order is based on all of the Exchange's representations, including those set forth above and in Amendment No. 1. For the foregoing reasons, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with Section 6(b)(5) of the Act²⁷ and the rules and regulations thereunder applicable to a national securities exchange.

and expenses, as described in the applicable registration statement, and will discuss any exemptive, no-action, and interpretive relief granted by the Commission from any rules under the Act. Further, the Circular will disclose that the net asset value for the Managed Fund Shares will be calculated after 4 p.m., ET, each trading day.

²⁷ 15 U.S.C. 78f(b)(5).

IV. Accelerated Approval of Amendment No. 1

As noted above, in Amendment No. 1, the Exchange proposed to adopt certain continued listing requirements for Managed Fund Shares. The Commission believes that the changes to the Managed Fund Shares listing standard proposed in Amendment No. 1: (1) Clarify how the Exchange will interpret and administer its listing requirements; (2) make Managed Fund Shares listed on the Exchange less susceptible to manipulation by adding the firewall provision discussed above; and (3) enhance consistency between the Exchange's Managed Fund Shares listing criteria and the requirements for Managed Fund Shares recently adopted by other national securities exchanges. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act, to approve the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

V. Solicitation of Comments on Amendment No. 1

Interested persons are invited to submit written data, views, and arguments concerning whether Amendment No. 1 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. Please include File Number SR-IEX-2017-03 on the subject line.

Paper Comments

• Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090. All submissions should refer to File Number SR-IEX-2017-03. 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-IEX-2017-03 and should be submitted on or before May 24, 2017.

VI. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,²⁸ that the proposed rule change (SR-IEX-2017-03), as modified by Amendment No. 1, be, and it hereby is, approved on an accelerated basis.²⁹

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

Eduardo A. Aleman,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80546; File No. SR-FICC-2017-803]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of No Objection To Advance Notice Filing To Establish the Centrally Cleared Institutional Triparty Service and Make Other Changes

April 27, 2017.

On March 9, 2017, Fixed Income Clearing Corporation ("FICC") filed with the Securities and Exchange Commission ("Commission") advance notice SR-FICC-2017-803 ("Advance Notice") pursuant to Section 806(e)(1) of the Payment, Clearing, and Settlement Supervision Act of 2010 ("Clearing Supervision Act")¹ and Rule 19b-

²⁸ 15 U.S.C. 78s(b)(2).

²⁹ 17 CFR 200.30-3(a)(12).

¹ 12 U.S.C. 5465(e)(1). The Financial Stability Oversight Council designated FICC a systemically important financial market utility on July 18, 2012. Financial Stability Oversight Council 2012 Annual Report, Appendix A, <http://www.treasury.gov/initiatives/fsoc/Documents/2012%20Annual%20Report.pdf>. Therefore, FICC is required to comply with the Clearing Supervision Act and file advance notices with the Commission. 12 U.S.C. 5465(e).