

Washington, DC 20549–1090.

Applicants: 1290 Broadway, Suite 1100, Denver, CO 80203.

**FOR FURTHER INFORMATION CONTACT:** Jean E. Minarick, Senior Counsel, or Dalia Osman Blass, Assistant Chief Counsel, at (202) 551–6821 (Division of Investment Management, Chief Counsel's Office).

**SUPPLEMENTARY INFORMATION:** The following is a summary of the application. The complete application may be obtained via the Commission's Web site by searching for the file number, or for an applicant using the Company name box, at <http://www.sec.gov/search/search.htm> or by calling (202) 551–8090.

### Applicants

1. The Trust will be registered as an open-end management investment company under the Act and is a business trust organized under the laws of the state of Delaware. Applicants seek relief with respect to one Fund (as defined below, the "Initial Fund"). The portfolio positions of each Fund will consist of securities and other assets selected and managed by its Adviser or Subadviser (as defined below) to pursue the Fund's investment objective.

2. The Adviser, a Colorado corporation, will be the investment adviser to the Initial Fund. An Adviser (as defined below) will serve as investment adviser to each Fund. The Adviser is, and any other Adviser will be, registered as an investment adviser under the Investment Advisers Act of 1940 ("Advisers Act"). The Adviser and the Trust may retain one or more subadvisers (each a "Subadviser") to manage the portfolios of the Fund. Any Subadviser will be registered, or not subject to registration, under the Advisers Act.

3. Each Distributor is a Colorado corporation and a broker-dealer registered under the Securities Exchange Act of 1934 and will act as the principal underwriter of Shares of the Fund. Applicants request that the requested relief apply to any distributor of Shares, whether affiliated or unaffiliated with the Adviser (included in the term "Distributor"). Any Distributor will comply with the terms and conditions of the Order.

### Applicants' Requested Exemptive Relief

4. Applicants seek the requested Order under section 6(c) of the Act for an exemption from sections 2(a)(32), 5(a)(1), 22(d) and 22(e) of the Act and rule 22c–1 under the Act, under sections 6(c) and 17(b) of the Act for an exemption from sections 17(a)(1) and

17(a)(2) of the Act, and under section 12(d)(1)(J) of the Act for an exemption from sections 12(d)(1)(A) and (B) of the Act. The requested Order would permit applicants to offer exchange-traded managed funds. Because the relief requested is the same as the relief granted by the Commission under the Reference Order and because the Adviser has entered into, or anticipates entering into, a licensing agreement with Eaton Vance Management, or an affiliate thereof in order to offer exchange-traded managed funds,<sup>2</sup> the Order would incorporate by reference the terms and conditions of the Reference Order.

5. Applicants request that the Order apply to the Initial Fund and to any other existing or future open-end management investment company or series thereof that: (a) Is advised by the Adviser or any entity controlling, controlled by, or under common control with the Adviser (any such entity included in the term "Adviser"); and (b) operates as an exchange-traded managed fund as described in the Reference Order; and (c) complies with the terms and conditions of the Order and of the Reference Order, which is incorporated by reference herein (each such company or series and Initial Fund, a "Fund").<sup>3</sup>

6. Section 6(c) of the Act provides that the Commission may exempt any person, security or transaction, or any class of persons, securities or transactions, from any provisions of the Act, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Section 17(b) of the Act authorizes the Commission to exempt a proposed transaction from section 17(a) of the Act if evidence establishes that the terms of the transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned, and the proposed transaction is consistent with the policies of the registered investment company and the general purposes of the Act. Section 12(d)(1)(J) of the Act provides that the Commission may exempt any person, security, or transaction, or any class or classes of

persons, securities or transactions, from any provision of section 12(d)(1) if the exemption is consistent with the public interest and the protection of investors.

7. Applicants submit that for the reasons stated in the Reference Order: (1) With respect to the relief requested pursuant to section 6(c) of the Act, the relief is appropriate, in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act; (2) with respect to the relief request pursuant to section 17(b) of the Act, the proposed transactions are reasonable and fair and do not involve overreaching on the part of any person concerned, are consistent with the policies of each registered investment company concerned and consistent with the general purposes of the Act; and (3) with respect to the relief requested pursuant to section 12(d)(1)(J) of the Act, the relief is consistent with the public interest and the protection of investors.

By the Division of Investment Management, pursuant to delegated authority.

**Brent J. Fields,**  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–75696; File No. SR–NYSEMKT–2015–58]

### Self-Regulatory Organizations; NYSE MKT LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Rule 79A—Equities To Delete Supplementary Material .20 Requiring Prior Floor Official Approval Before a Designated Market Maker Can Initiate Certain Trades More Than One or Two Dollars Away From the Last Sale

August 13, 2015.

Pursuant to section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 ("Act")<sup>2</sup> and Rule 19b–4 thereunder,<sup>3</sup> notice is hereby given that on July 29, 2015, NYSE MKT LLC ("Exchange" or "NYSE MKT") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit

<sup>2</sup> Eaton Vance Management has obtained patents with respect to certain aspects of the Funds' method of operation as exchange-traded managed funds.

<sup>3</sup> All entities that currently intend to rely on the Order are named as applicants. Any other entity that relies on the Order in the future will comply with the terms and conditions of the Order and of the Reference Order, which is incorporated by reference herein.

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b–4.

comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Rule 79A—Equities to delete Supplementary Material .20 requiring prior Floor Official approval before a Designated Market Maker (“DMM”) can initiate certain trades more than one or two dollars away from the last sale. The text of the proposed rule change is available on the Exchange’s Web site at [www.nyse.com](http://www.nyse.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 self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

##### **1. Purpose**

The Exchange proposes to amend Rule 79A—Equities (“Rule 79A”) to delete Supplementary Material .20, which requires prior Floor Official approval for certain DMM dealer trades more than one or two dollars away from the last sale, and to make conforming amendments to Rules 48—Equities (“Rule 48”), 80C—Equities (“Rule 80C”) and Rule 476A to delete references to Rule 79A.20.

##### **Background**

Currently, except with respect to inactively traded securities the Exchange shall from time to time identify, Rule 79A.20(a) requires DMMs to obtain prior Floor Official approval for all transactions in stocks by the DMM as dealer (when the market is slow)<sup>4</sup> or transactions in which the DMM as dealer is reaching across the

market<sup>5</sup> (when the market is fast) that are made at (i) \$1.00 or more away from the last sale when such last sale is under \$20 per share or (ii) \$2.00 or more away from the last sale when such last sale is at \$20 per share or over. The Rule also provides that in unusual market situations, a Floor Governor, Senior Floor Official, or Executive Floor Official<sup>6</sup> has the discretion to determine that a different price parameter other than that required in subdivision (a) of the Rule is appropriate when the last sale is at \$100 per share or over.<sup>7</sup>

The principles embodied in Rule 79A.20 are based on New York Stock Exchange LLC (“NYSE”) Rule 79A.20 and were originally aimed at preventing undue price dislocation by the specialist at the opening.<sup>8</sup> Gradually, the NYSE rule was extended to all trades significantly away from the last sale.<sup>9</sup> The NYSE rule also functioned in part as a safeguard against market manipulation by specialists and Floor brokers as well as a control on price volatility by requiring a Floor Official who was not party to the transaction to review and approve all proposed transactions exceeding the rule’s parameters before the trade was published to the consolidated tape, thereby ensuring that specialists were maintaining appropriate price continuity and depth, and that Floor brokers were not transacting in the trading crowd at unduly wide variations from the last sale.<sup>10</sup>

In 2006, the Commission approved the NYSE’s adoption of a “hybrid market” under which NYSE systems

assumed the function of matching and executing electronically-entered orders but specialists remained the responsible broker-dealer for orders on the Exchange’s limit order book.<sup>11</sup> In 2007, as a result of the increasing automation of trading and the accompanying decentralization of pricing decisions away from specialists, the NYSE comprehensively amended Rule 79A.20. In that filing, the NYSE virtually eliminated Rule 79A.20 approvals in all situations except those prescribed in the current Rule.<sup>12</sup>

Since that time, additional, significant market structure changes have continued to obviate the need for Rule 79A.20. In particular, in 2008, the NYSE and the Exchange adopted the New Market Model, which transformed specialists into DMMs, who are no longer agents for the Exchange’s limit order book and whose trading activity on the Exchange is limited to proprietary trading.<sup>13</sup> Also in 2008, the NYSE greatly enhanced the transparency of its marketplace and improved the quality of the opening and closing auctions by introducing a real-time order imbalance information data feed (“Order Imbalance Information”).<sup>14</sup> Further, DMMs now also have the ability to electronically open and close trading on the Exchange, which was not available to specialists in 2007.<sup>15</sup> In 2015, the Exchange eliminated Liquidity Replenishment Points (“LRP”) and the Gap Quote Policy and amended Rule

<sup>11</sup> See Securities Exchange Act Release No. 53539 (March 22, 2006), 71 FR 16353 (March 31, 2006) (SR–NYSE–2004–05).

<sup>12</sup> See Release No. 56209, *supra* note 9, at 45291. At the time, the rule was set forth in Supplementary Material .30 of Rule 79A. The rule was re-numbered as Supplementary Material .20 in 2008. See Securities Exchange Act Release No. 58184 (July 17, 2008), 73 FR 42853 (July 23, 2008) (SR–NYSE–2008–46); see also Release No. 59022, *supra* note 8.

<sup>13</sup> See Securities Exchange Act Release No. 58845 (October 24, 2008), 73 FR 64379, 64381 (October 29, 2008) (SR–NYSE–2008–46). See also Release No. 59022, *supra* note 8.

<sup>14</sup> See Securities Exchange Act Release No. 57861 (May 23, 2008), 73 FR 31905 (June 4, 2008) (SR–NYSE–2008–42). See also Securities Exchange Act Release No. 59816 (April 23, 2009), 74 FR 19614 (April 29, 2009) (SR–NYSEAmex–2009–13) (modifying the reference price at which the Exchange reports Order Imbalance Information and clarifying what information is included in and excluded from the Order Imbalance Information Reports). In 2009, the Exchange further enhanced the transparency of its informational data feed for imbalances by including d-Quotes and all other e-Quotes containing pegging instructions eligible to participate in the closing transaction in the Order Imbalance Information data feed. See Rule 70(1)—Equities & Supplementary Material .25; Securities Exchange Act Release No. 60151 (June 19, 2009), 74 FR 30653 (June 26, 2009) (SR–NYSEAmex–2009–29).

<sup>15</sup> See Rule 123D—Equities (openings); Rule 123C.10—Equities (closings). See generally Rule 104(b)—Equities.

<sup>4</sup> For purposes of the Rule, the Exchange is considered a “slow” market when displaying a bid or offer (or both) that is not entitled to protection of Rule 611 under Regulation NMS. See Rule 79A.20(a). DMM dealer transactions in slow markets include the opening, reopening, and closing transactions.

<sup>5</sup> A DMM reaches across the market when the DMM buys from the Exchange offer or sells to the Exchange bid.

<sup>6</sup> Pursuant to Rules 46—Equities and 46A—Equities, Floor Governors, Senior Floor Officials and Executive Floor Officials are one of several ranks of the broader category of Floor Officials, including, in order of increasing seniority, Floor Officials, Senior Floor Officials, Executive Floor Officials, Floor Governors and Executive Floor Governors.

<sup>7</sup> See Rule 79A.20(b).

<sup>8</sup> On October 1, 2008, the Commission approved the Exchange’s rule proposal to establish new membership, member firm conduct, and equity trading rules that were based on the existing NYSE rules to reflect that equities trading on the Exchange would be supported by the NYSE’s trading system. See Securities Exchange Act Release Nos. 58705 (Oct. 1, 2008), 73 FR 58995 (Oct. 8, 2008) (SR–Amex–2008–63) (approval order) and 59022 (Nov. 26, 2008), 73 FR 73683 (Dec. 3, 2008) (SR–NYSEALTR–2008–10) (amending equity rules to conform to NYSE New Market Model Pilot rules) (“Release No. 59022”). Because the Exchange’s rules are based on the existing NYSE rules, the Exchange believes that pre-October 1, 2008 NYSE rule filings provide guidance concerning Exchange equity rules.

<sup>9</sup> See Securities Exchange Act Release No. 56209 (August 6, 2007), 72 FR 45290, 45291 (August 13, 2007) (SR–NYSE–2007–65) (“Release No. 56209”).

<sup>10</sup> See *id.*

79A.20 to remove references to these Exchange-specific volatility mechanisms. Rule 79A.20 had previously required Floor Official review and approval of DMMs dealer trades one or two points away from the last sale following these intra-day “slow” market scenarios.<sup>16</sup> Finally, also in 2015, the Exchange amended Rule 1000 to reject marketable orders of over 1,000,000 shares upon arrival. Such orders were ineligible for automatic execution and caused the Exchange to suspend automatic executions and disseminate a “slow” quote condition.<sup>17</sup>

#### Proposed Rule Change

The Exchange proposes to delete Rule 79A.20. As discussed below, the situations where the Rule would be invoked are now limited to the open, reopenings and the close, where market transparency and existing safeguards render the Rule unnecessary and duplicative of other rules requiring Floor Official approval.

As noted above, the recent elimination of LRPs and the Gap Quote Policy removed the remaining intra-day events when the Exchange’s market was “slow” and DMM pricing decisions that could trigger Rule 79A.20 approvals. As such, trading circumstances warranting Rule 79A.20 review are now limited to manual DMM participation when a security moves one or two dollars from the last sale (based on whether the security is under \$20 or \$20 and over) at either the open, close or, more rarely, intraday during reopenings.

In light of the transparency surrounding the open and close and the involvement of Floor Officials in those processes, the Exchange believes that there is no longer a need for Floor Officials to separately approve individual DMM transactions under Rule 79A.20. First, as described above, the NYSE significantly enhanced the transparency surrounding the open and close with the introduction of a real-time Order Imbalance Information data feed in 2008, which the Exchange adopted. This proprietary data feed, disseminated prior to the open pursuant to Rule 15(c)(1)—Equities<sup>18</sup> and prior to

close pursuant to Rule 123C(6)—Equities,<sup>19</sup> reflects real-time order imbalances that accumulate prior to the opening and closing transactions on the Exchange and the price at which interest eligible to participate in the opening or closing transactions may be executed in full.

Second, in addition to disseminating Order Imbalance Information, the Exchange’s Rules require the timely communication of price dislocations and unusual market situations, including delayed openings, to the marketplace. Rule 15(a)—Equities provides that if the opening transaction in a security will be at a price that represents a change of more than the “applicable price change” specified in the Rule (representing a numerical or percentage change from the security’s closing price per share or, in the case of an IPO, the security’s offering price), the DMM arranging the opening transaction or the Exchange must issue a pre-opening indication (a “Rule 15 Indication”), which represents a range of where a security may open. The Rule 15 Indication is a price range that is published on the Exchange’s proprietary data feeds prior to the scheduled opening time. A Rule 15 Indication includes the security and the price range within which the DMM anticipates the opening transaction will occur, and would include any orally-represented Floor broker interest for the open.

Similarly, Rule 123D—Equities Mandatory Indications are required for

approximately every five minutes between 8:30 a.m. Eastern Time (“ET”) and 9:00 a.m. ET.; approximately every minute between 9:00 a.m. ET and 9:20 a.m. ET; and approximately every 15 seconds between 9:20 a.m. ET and the opening of trading in that security. See Rule 15(c)(3)—Equities.

<sup>19</sup> Pursuant to Rule 123C(6)—Equities, Order Imbalance Information disseminated prior to the close includes, among other things: (1) The Mandatory Market on Close (“MOC”)/Limit on Close (“LOC”) Imbalance Publication; (2) a data field indicating the price at which closing-only interest (*i.e.*, MOC orders, marketable LOC orders, and CO orders opposite the imbalance) may be executed in full; and, (3) a data field indicating the price at which interest in the Display Book (*e.g.*, Minimum Display Reserve Orders, Floor broker reserve e-Quotes not designated to be excluded from the aggregated agency interest information available to the DMM, d-Quotes and pegged e-Quotes at the price indicated on the order as the base price to be used to calculate the range of discretion and Stop orders) as well as all closing-only orders (MOC, marketable LOC, and CO orders opposite the imbalance) may be executed in full. Pre-closing Order Imbalance Information is disseminated every fifteen seconds between 3:40 p.m. and 3:50 p.m.; thereafter, it is disseminated every five seconds between 3:50 p.m. and 4:00 p.m. Commencing at 3:55 p.m., the Order Imbalance Information disseminated by the Exchange also includes d-Quotes and all other e-Quotes containing pegging instructions eligible to participate in the closing transaction and Stop orders.

an opening that will result in a “significant” price change from the previous close. For securities priced under \$10, indications are required under Rule 123D(1) if the price change is one dollar or more; for securities between \$10 and \$99.99, indications are required for price movements of the lesser of 10% or three dollars; and for securities over \$100, indications are required for price movements of five dollars or more. Rule 123D(1)—Equities requires DMMs to disseminate one or more indications in connection with any delayed opening where a security has not opened or been quoted by 10 a.m. (“Rule 123D Mandatory Indication”). The DMM is responsible for publishing the Rule 123D Mandatory Indication and, when determining the price range for the indication, take into consideration Floor broker interest that has been orally entered and what, at a given time, the DMM anticipates the dealer participation in the opening transaction would be. Rule 123D Mandatory Indications are published to the Consolidated Tape.

Importantly, all Rule 123D Mandatory Indications require the supervision and approval of a Floor Official. Rule 123D approvals are therefore similar to Rule 79A.20 approvals. In fact, on NYSE, almost half of Floor Official approvals under Rule 79A.20 also occur in situations where a mandatory indication was published pursuant to Rule 123D. In these circumstances, requiring the Floor Official to separately approve a price movement under Rule 79A.20 would be duplicative.

The Exchange further notes that the Floor Official approval requirements of Rule 79A.20 impede the ability of a DMM to open or close a security electronically at the Exchange if the security were to open one or two points away from the last sale. As a practical matter, the only way for Floor Officials to approve trades more than one or two dollars away from the last sale in the case of an electronic open or close would be to turn a fast market into a “slow” one and potentially open the security after 9:30 a.m., which was one of the rationales for eliminating virtually all Rule 79A.20 approvals in 2007 on the NYSE.<sup>20</sup>

With respect to the separate Rule 79A.20 requirement that the DMM obtain Floor Official approvals when the market is fast and the DMM as dealer is reaching across the market, *i.e.*, selling at the bid and buying at the offer, the Exchange similarly believes that such approvals are unnecessary and duplicative of other safeguards. As

<sup>16</sup> See Securities Exchange Act Release No. 74064 (January 15, 2015), 80 FR 3273 (January 22, 2015) (SR-NYSEMKT-2015-02). See also note 4, *supra*.

<sup>17</sup> See Securities Exchange Act Release No. 74650 (April 6, 2015), 80 FR 19389 (April 10, 2015) (SR-NYSEMKT-2015-21).

<sup>18</sup> Pursuant to Rule 15(c)(1)—Equities, Order Imbalance Information disseminated prior to the open includes all interest eligible for execution in the opening transaction of the security in Exchange systems, *i.e.*, electronic interest, including Floor broker electronic interest, entered into Exchange systems prior to the opening. Pre-opening Order Imbalance Information is disseminated

<sup>20</sup> See Release No. 56209, *supra* note 9, at 45291.

noted above, the application of Rule 79A.20 is limited to the opening, reopenings and the close, where this scenario would not arise. Moreover, the Exchange believes that obtaining Floor Official approval when a DMM is reaching across a fast market is impractical in today's market place because, especially in the most actively traded Exchange securities, the automated marketplace simply moves too fast.

Even if obtaining Floor Official approvals were practical, the Exchange believes that the combination of volatility and system controls in place that were unavailable in 2007 render such approvals unnecessary. DMM dealer trades one or two points away from the last sale that reach across the market would continue to be subject to the Limit Up/Limit Down ("LULD") price controls, as provided for in Rule 80C(a)(4)—Equities, the Trading Collars, as provided for in Rule 1000(c)—Equities, and the numerical guidelines for determining whether a clearly erroneous execution has occurred under Rule 128—Equities. In addition, as the NYSE noted in a different context,<sup>21</sup> as the marketplace has become more electronic, DMM units have increased their utilization of technology to reduce risk exposure by using algorithms to adjust prices quickly in response to market dynamics, which in turn has contributed to reducing the potential for significant and/or rapid movements in the market and help DMMs satisfy their obligation to maintain a fair and orderly market in assigned securities pursuant to Rule 104—Equities, particularly in times of market stress. The Exchange believes that these risk controls provide a further significant limitation on the ability of DMMs to initiate a move of more than one or two dollars away from the last sale trade in fast markets, especially in light of the tight spreads on the NYSE, which is similarly proposing to delete Rule 79A.20.<sup>22</sup>

Finally, DMM pricing decisions at the open and close and during fast markets are subject to specific DMM obligations with respect to the quality of the markets in securities to which they are assigned. In general, transactions on the Exchange by a DMM for the DMM's account must be effected in a reasonable and orderly manner in relation to the

condition of the general market and the market in the particular stock.

As noted, DMMs have affirmative obligations under Rule 104(a)—Equities to engage in a course of dealings for their own account to assist in the maintenance of a fair and orderly market insofar as reasonably practicable. Specifically, Rule 104(f)(ii)—Equities sets forth the DMM's obligation to act as reasonably necessary to ensure appropriate depth and maintain reasonable price variations between transactions (also known as price continuity) and prevent unexpected variations in trading. Further, under Rule 123D(1)—Equities, openings and reopenings must be fair and orderly, reflecting the DMM's professional assessment of market conditions at the time, and appropriate consideration of the balance of supply and demand as reflected by orders represented in the market. The Exchange also supplies DMMs with suggested Depth Guidelines for each security in which a DMM is registered, and DMMs are expected to quote and trade with reference to the Depth Guidelines. Further, the DMM's affirmative obligation includes obligations to re-enter the market when reaching across to execute against available interest. For instance, under Rule 104(h)—Equities, DMMs can engage in conditional transactions that establish or increase a position and that reach across the market without restriction provided such transactions are followed by appropriate re-entry on the opposite side of the market commensurate with the size of the DMM's transaction.<sup>23</sup> The Exchange issues guidelines, called price participation points ("PPP"), that identify the price at or before which a DMM is expected to re-enter the market after effecting a conditional transaction.<sup>24</sup> DMM trading activity on the Exchange is actively monitored for compliance with each of these obligations.

The Exchange believes that the availability and dissemination of Order Imbalance Information, Rule 15 Indications and 123D Mandatory Indications, together with the DMM's existing affirmative and other obligations pursuant to Rule 104, provide an appropriate framework in today's market structure for ensuring that opening or closing transactions that occur at a price significantly away from the last sale price are communicated to all market participants. In particular,

because of this transparency, the open and close are subject to greater scrutiny by all market participants, which in of itself serves as a check on where a DMM opens or closes a security. The Exchange therefore believes that the need for a Floor Official to review a DMM's actions at the open or close, which was adopted in a time when there was no market-wide transparency regarding pricing of the open or close, is redundant of existing oversight of the open and close.

For all of these reasons, the Exchange believes that requiring separate Floor Official approvals for one and two dollar price movements is no longer necessary.

The Exchange also proposes to delete references to Rule 79A.20 from Rules 48, 80C and 476A. In the case of Rule 48, the reference to be removed would be to Rule 79A.30—Equities. Rule 48 was not updated when the text of the Rule was moved from Supplementary Material .30 to .20.<sup>25</sup> The Exchange believes these proposed changes will add transparency and clarity to the Exchange's rules.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with section 6(b) of the Act,<sup>26</sup> in general, and furthers the objectives of section 6(b)(5) of the Act,<sup>27</sup> in particular, because it is designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system, and protect investors and the public interest. In particular, the Exchange believes that eliminating Rule 79A.20 would remove impediments to and perfect the mechanism of a free and open market and a national market system by eliminating redundant approvals from the remaining manual processes at the open and close of trading. The Exchange believes that eliminating Rule 79A.20 approvals would not be inconsistent with the public interest and the protection of investors because the transparency surrounding the open and close and the information available to the marketplace enables investors and the public to assess whether a security would open or close outside the one or two point parameter, thereby obviating the need for a single Floor Official to oversight the open and close. Further, the Exchange believes that eliminating Rule

<sup>21</sup> See Securities Exchange Act Release No. 71360 (January 21, 2014), 79 FR 4366, 4367 (January 27, 2014) (SR-NYSE-2014-02).

<sup>22</sup> For instance, in May 2015, the quoted spread on the NYSE for stocks below \$20 a share was \$0.048; the quoted spread for stocks above \$20 was \$0.466. For all NYSE-listed securities, the quoted spread in May 2015 was \$0.314. See SR-NYSE-2015-33.

<sup>23</sup> See Rule 104(h)(iii)—Equities. Immediate re-entry is required after certain Conditional Transactions.

<sup>24</sup> See Rule 104(h)(iii)(A)—Equities.

<sup>25</sup> See note 12 *supra*.

<sup>26</sup> 15 U.S.C. 78f(b).

<sup>27</sup> 15 U.S.C. 78f(b)(5).

79A.20 approvals would not be inconsistent with the public interest and the protection of investors because other safeguards will remain in place to ensure that DMMs maintain appropriate price continuity and depth and do not transact at unduly wide price variations, thereby establishing substantially the same result. As noted above, pursuant to Rule 123D—Equities, Floor Officials would remain involved in supervising when the open would occur at a price significantly away from the last sale, which is when the majority of Rule 79A.20 approvals currently occur, and DMM trading will also remain subject to Exchange rules, including the obligation to maintain a fair and orderly market under Rule 104—Equities.

The Exchange further believes that deleting corresponding references to Rule 79A.20 in other rules would remove impediments to and perfects the mechanism of a free and open market by reducing potential confusion and adding transparency and clarity to the Exchange's rules, thereby ensuring that members, regulators and the public can more easily navigate and understand the Exchange's rulebook.

#### *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 is not intended to address competitive issues but rather to eliminate redundant approvals of manual trades on its trading Floor.

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

No written comments were solicited or received with respect to the proposed rule change.

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

The Exchange has filed the proposed rule change pursuant to section 19(b)(3)(A)(iii) of the Act<sup>28</sup> and Rule 19b-4(f)(6) thereunder.<sup>29</sup> 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 operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if

consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)<sup>30</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>31</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest.

At any time within 60 days of the filing of such 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 under section 19(b)(2)(B)<sup>32</sup> of the Act to determine whether the proposed rule change 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-NYSEMKT-2015-58 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-NYSEMKT-2015-58. 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 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-NYSEMKT-2015-58 and should be submitted on or before September 9, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>33</sup>

**Brent J. Fields,**  
Secretary.

[FR Doc. 2015-20415 Filed 8-18-15; 8:45 am]

**BILLING CODE 8011-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

**[Investment Company Act Release No. 31757; 812-14516]**

### **Ivy NextShares, et al.; Notice of Application**

August 13, 2015.

**AGENCY:** Securities and Exchange Commission.

**ACTION:** Notice of an application for an order under section 6(c) of the Investment Company Act of 1940 ("Act") for an exemption from sections 2(a)(32), 5(a)(1), 22(d) and 22(e) of the Act and rule 22c-1 under the Act, under sections 6(c) and 17(b) of the Act for an exemption from sections 17(a)(1) and (a)(2) of the Act, and under section 12(d)(1)(f) of the Act for an exemption from sections 12(d)(1)(A) and (B) of the Act.

**APPLICANTS:** Ivy NextShares (the "Trust"), Ivy Investment Management Company (the "Manager") and Ivy Funds Distributor, Inc. (the "Distributor").

<sup>28</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>29</sup> 17 CFR 240.19b-4(f)(6).

<sup>30</sup> 17 CFR 240.19b-4(f)(6).

<sup>31</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>32</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>33</sup> 17 CFR 200.30-3(a)(12).