

CDSLs, subject to certain conditions. Applicants note that rule 6c-10 is grounded in policy considerations supporting the employment of CDSLs where there are adequate safeguards for the investor and state that the same policy considerations support imposition of EWCs in the interval fund context. In addition, applicants state that EWCs may be necessary for the distributor to recover distribution costs from shareholders who exit their investments early. Applicants represent that any EWC imposed by the Funds will comply with rule 6c-10 under the Act as if the rule were applicable to closed-end investment companies. The Funds will disclose EWCs in accordance with the requirements of Form N-1A concerning CDSLs.

Asset-Based Distribution Fees

1. Section 17(d) of the Act and rule 17d-1 under the Act prohibit an affiliated person of a registered investment company or an affiliated person of such person, acting as principal, from participating in or effecting any transaction in connection with any joint enterprise or joint arrangement in which the investment company participates unless the Commission issues an order permitting the transaction. In reviewing applications submitted under section 17(d) and rule 17d-1, the Commission considers whether the participation of the investment company in a joint enterprise or joint arrangement is consistent with the provisions, policies and purposes of the Act, and the extent to which the participation is on a basis different from or less advantageous than that of other participants.

2. Rule 17d-3 under the Act provides an exemption from section 17(d) and rule 17d-1 to permit open-end investment companies to enter into distribution arrangements pursuant to rule 12b-1 under the Act. Applicants request an order under section 17(d) and rule 17d-1 under the Act to the extent necessary to permit the Fund to impose asset-based distribution fees. Applicants have agreed to comply with rules 12b-1 and 17d-3 as if those rules applied to closed-end investment companies, which they believe will resolve any concerns that might arise in connection with a Fund financing the distribution of its shares through asset-based distribution fees.

For the reasons stated above, applicants submit that the exemptions requested under section 6(c) are necessary and appropriate in the public interest and are consistent with the protection of investors and the purposes fairly intended by the policy and

provisions of the Act. Applicants further submit that the relief requested pursuant to section 23(c)(3) will be consistent with the protection of investors and will insure that applicants do not unfairly discriminate against any holders of the class of securities to be purchased. Finally, applicants state that the Funds' imposition of asset-based distribution fees is consistent with the provisions, policies and purposes of the Act and does not involve participation on a basis different from or less advantageous than that of other participants.

Applicants' Condition

Applicants agree that any order granting the requested relief will be subject to the following condition:

Each Fund relying on the order will comply with the provisions of rules 6c-10, 12b-1, 17d-3, 18f-3, 22d-1, and, where applicable, 11a-3 under the Act, as amended from time to time, as if those rules applied to closed-end management investment companies, and will comply with the NASD Sales Charge Rule, as amended from time to time, as if that rule applied to all closed-end management investment companies.

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

Robert W. Errett,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-76099; File No. SR-NSCC-2015-004]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of Proposed Rule Change to Require Real-Time Trade Submission and to Prohibit Pre-Netting Practices through NSCC's Correspondent Clearing Service

October 7, 2015.

Pursuant to Section 19(b)(1) ¹ of the Securities Exchange Act of 1934 ("Act") and Rule 19b-4 ² thereunder, notice is hereby given that on September 30, 2015, National Securities Clearing Corporation ("NSCC") 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 NSCC. NSCC filed the proposed rule change pursuant to Section 19(b)(2) ³ of the Act. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change consists of amendments to NSCC's Rules & Procedures ("Rules") in order to require that trade data submitted to NSCC through its Correspondent Clearing service, other than position movements between NSCC Members that are Affiliates and Client Custody Movements, as described further below, be submitted in real-time, and to prohibit pre-netting and other practices that prevent real-time trade submission.⁴

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, NSCC 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. NSCC has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose ⁵

Requiring trades to be submitted in real-time facilitates efficient risk management for both NSCC and its Members, enables same-day bookkeeping and reconciliation, and, therefore, significantly reduces risk to the industry. Receipt of trade data on a real-time basis permits NSCC's risk management processes to monitor trades closer to trade execution on an intra-day basis, and to identify and risk manage any issues relating to exposures earlier in the day. Contract information is currently reported out to submitting firms by NSCC's Universal Trade Capture ("UTC") system upon trade comparison and validation, and receipt of trade data in real-time enables NSCC

³ 15 U.S.C. 78s(b)(2).

⁴ Terms not defined herein are defined in the Rules, available at http://dtcc.com/~media/Files/Downloads/legal/rules/nscc_rules.pdf.

⁵ Pursuant to a telephone call with NSCC's internal counsel on October 1, 2015, staff in the Office of Clearance and Settlement added the heading. NSCC inadvertently omitted the heading.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

to report to Members trade data as it is received, thereby promoting intra-day reconciliation of transactions at the Member level. The majority of trades submitted to NSCC for clearing are currently being submitted in real-time on a trade-by-trade basis, and NSCC is operationally capable of managing trade volumes that are multiple times larger than the historical peak volumes.

NSCC is proposing to require that trade data submitted through its Correspondent Clearing service, as described below, be submitted in real-time and to prohibit pre-netting and other practices that prevent real-time trade submission ("pre-netting practices"). NSCC would exclude from this requirement position movements between NSCC Members that are Affiliates and Client Custody Movements, as described below. The term "real-time," when used with respect to trade submission, is defined in Procedure XIII (Definitions) of the Rules as the submission of trade data on a trade-by-trade basis promptly after trade execution, in any format and by any communication method acceptable to NSCC.

NSCC's UTC system receives and validates transactions that are submitted to it, reports trade details back out to the submitting firm, and prepares those transactions for netting and settlement by routing transactions to netting and settlement systems, such as Continuous Net Settlement Accounting Operation, the Balance Order Accounting Operation, or the Foreign Security Accounting Operation, as applicable. Transactions are submitted to UTC either on a locked-in basis by self-regulatory organizations (including national and regional exchanges and marketplaces) ("SROs") and Qualified Special Representatives ("QSRs"),⁶ or are submitted to UTC as a part of NSCC's Correspondent Clearing service, which allows for post-execution position movements between two clearing firms. Currently all transactions submitted to NSCC on a locked-in basis by SROs and QSRs, which constitute approximately 95% of all transactions processed at NSCC,⁷ are required to be

submitted in real-time and may not be pre-netted or batched prior to submission.⁸

NSCC's Correspondent Clearing service is designed to provide an automated method by which a Member, acting as a Special Representative, may move a position that has been submitted to NSCC for clearing to the account of another Member (the submitting Member's correspondent) on whose behalf the original trade was executed.⁹ Members participating in the Correspondent Clearing service for post-execution position movements and those participating as a QSR for submission of original, locked-in trades are required to apply for status as a Special Representative or as a QSR, and to establish relationships with other NSCC Members that will be designated as their correspondents.¹⁰ While NSCC encourages Special Representatives to submit Correspondent Clearing submissions to NSCC as soon as possible following execution, currently these position movements may be sent to NSCC either in real-time, intraday, or at the end of the day.

NSCC has continued to engage widely with its Members about the benefits of expanding the requirements to submit transactions in real-time and, as a result of these continuing discussions, is now proposing to modify its Rules to require that trade data submitted through its Correspondent Clearing service also be submitted in real-time. The proposed rule change would also prohibit pre-netting practices that prevent real-time

approximate total daily value of an average of \$455 billion; and an approximate average of 1.1 million submissions through Correspondent Clearing, with an approximate total daily value of an average of \$57 billion. The average daily volume of submissions through Correspondent Clearing is less than 5% of NSCC's overall daily volume.

⁸ Securities Exchange Act Release No. 69890 (June 28, 2013), 78 FR 40538 (July 5, 2013) (File No. SR-NSCC-2013-05). See also Rule 7 (Comparison and Trade Recording Operation), Procedure II (Trade Comparison and Recording Service), and Procedure IV (Special Representative Service), *supra* note 4.

⁹ The term "original trade" is used within the Rules describing the Correspondent Clearing service solely to distinguish between trades executed in the marketplace by the Special Representative, and transactions booked for accounting purposes to accommodate the movement of positions between Members as provided for in Section C of Procedure IV. Original trades may not be submitted through NSCC's Correspondent Clearing service. Rules, *supra* note 4.

¹⁰ Pursuant to a telephone call with NSCC's internal counsel on October 5, 2015, staff in the Office of Clearance and Settlement corrected an incorrect statement that Members utilizing the services of a QSR are required to apply for status as a Special Representative or as a QSR. NSCC intended to state that Members participating as a QSR are required to apply for status as a Special Representative or as a QSR.

trade submission through Correspondent Clearing.

NSCC's Rules currently prohibit pre-netting practices that preclude real-time submission with respect to submissions by QSRs and SROs. Pre-netting practices that are currently prohibited include "summarization" (a technique in which the clearing broker nets all trades in a single CUSIP by the same correspondent broker into fewer submitted trades), "compression" (a technique to combine submissions of data for multiple trades to the point where the identity of the party actually responsible for the trades is masked), netting, or any other practice that combines two or more trades prior to their submission to NSCC.

NSCC is proposing to extend the prohibition against pre-netting practices to submissions through Correspondent Clearing because pre-netting practices prevent the submission to NSCC of transactions on a trade-by-trade basis, and cause Special Representatives to delay submission of their trades, thereby undermining the risk mitigation benefits of real-time trade submission. Pre-netting practices disrupt NSCC's ability to accurately monitor market and credit risks as they evolve during the trading day.

NSCC would exclude from the requirements of this proposal any position movements between Members that are Affiliates, as identified within NSCC's membership management records. As defined in Rule 4A, "Affiliate" means a person that controls or is controlled by or is under common control with another person.¹¹ Position movements between Affiliates do not introduce the risk management concerns that are mitigated by real-time trade submission. As such, Members would not be required to submit these position movements in real-time, but would continue to be encouraged to do so. Positions movements between Affiliates represent fewer than 5% of trade data submitted through Correspondent Clearing to NSCC.¹²

In order to submit trade data through Correspondent Clearing outside of the

¹¹ Control of a person means the direct or indirect ownership or power to vote more than 50% of any class of the voting securities or other voting interests of any person. Rule 4A, *supra* note 4.

¹² Based on data from the second quarter of 2015, which show an approximate daily average of 1.1 million submissions through Correspondent Clearing at NSCC, with an approximate total daily value of an average of \$57 billion; and an approximate average of 52,000 position movements through Correspondent Clearing between Affiliates, with an approximate total daily value of an average of \$13 billion. The average daily volume of position movements through Correspondent Clearing between Affiliates is less than 1% of NSCC's overall daily volume.

⁶ QSRs are defined in Section 3 of Rule 7 as NSCC Members that have applied to NSCC to be a Special Representative, and either (i) operate an automated execution system where they are always the contra side of every trade, (ii) are the parent or affiliate of an entity operating such an automated system, where they are the contra side of every trade, or (iii) clear for a broker/dealer that operates such a system and the subscribers to the system acknowledge the clearing Member's role in the clearance and settlement of these trades. Rules, *supra* note 4.

⁷ Based on data from the second quarter of 2015, which show an approximate daily average of 41 million transactions processed at NSCC, with an

real-time trade submission requirements, Special Representatives would need to identify a transaction as an Affiliate position movement. NSCC would validate the Affiliates' relationship between the counterparties by a check against the information within NSCC's membership management records as of the time of the trade submission. Members continue to be required to provide NSCC with current information regarding their corporate ownership structure. If an Affiliate relationship is not reflected on NSCC's records at the time of the trade submission, the transaction will be rejected.

NSCC would also exclude from the requirements of this proposal position movements that occur between two unaffiliated clearing brokers, typically at the end of the day, on behalf of a common customer for custody purposes ("Client Custody Movements"). These movements, which today represent approximately 1% of submissions through Correspondent Clearing, would be exempt from the requirement because they necessarily take place at the end of the day, after the common client has reviewed its end of day positions and has instructed the clearing brokers as to which positions it will move for custody purposes.

NSCC proposes to amend Rule 7 (Comparison and Trade Recording Operation), Procedure II (Trade Comparison and Recording Service), and Procedure IV (Special Representative Service) to require that trades submitted by Special Representatives for trade recording through NSCC's Correspondent Clearing service be submitted on a real-time basis and to make clear that trade data submitted to NSCC through Correspondent Clearing service must be submitted on a trade-by-trade basis, in the original form executed, and that pre-netting practices are prohibited. The proposed rule change would also make clear that these requirements would not apply to position movements between NSCC Members that are Affiliates or to Client Custody Movements.

Implementation Timeframe

Pending Commission approval of this proposed rule change, Members would be advised of the implementation date through issuance of an NSCC Important Notice. The proposed rule change would not be implemented earlier than ten business days from the date of Commission approval.

2. Statutory Basis

NSCC believes that this proposal is consistent with Section 17A(b)(3)(F) of

the Act, which requires that NSCC's Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions and, in general, to protect investors and the public interest.¹³

The proposal would enable NSCC to monitor trades closer to trade execution on an intra-day basis and identify and risk manage any issues relating to exposures earlier in the day. Further, receipt of trade data in real-time would enable NSCC to report to Members trade data as it is received, promoting intra-day reconciliation of transactions at the Member level. Therefore, the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions by reducing operational, market, and credit risks faced by NSCC and its Members, consistent with the requirements of the Act, in particular Section 17A(b)(3)(F), as cited above.

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

NSCC does not believe that the proposed rule change would have any impact on competition because the proposed requirements would apply an existing requirement equally to all Members that submit transactions to NSCC through its Correspondent Clearing service.

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

NSCC has not received any written comments relating to this proposal. NSCC will notify the Commission of any written comments received by NSCC.

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 such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

¹³ 15 U.S.C. 78q-1(b)(3)(F). Pursuant to a telephone call with NSCC's internal counsel on October 1, 2015, staff in the Office of Clearance and Settlement corrected an incorrect reference to 5 U.S.C. 78q-1(b)(3)(F). NSCC intended to refer to 15 U.S.C. 78q-1(b)(3)(F).

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. Please include File Number SR-NSCC-2015-004 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-NSCC-2015-004. 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 NSCC and on DTCC's Web site (<http://dtcc.com/legal/sec-rule-filings.aspx>). 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-NSCC-2015-004 and should be submitted on or before November 4, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Robert W. Errett,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-76093; File No. SR-EDGA-2015-38]

Self-Regulatory Organizations; EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 3.13 (Payments Involving Publications That Influence the Market Price of a Security)

October 7, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on September 23, 2015, EDGA Exchange, Inc. (“Exchange” or “EDGA”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been substantially prepared by the Exchange. The Exchange has designated this proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6)(iii) thereunder,⁴ which renders it effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange filed a proposal to amend EDGA Rule 3.13 to update references to recently amended FINRA rules and make a ministerial, non-substantive change. The text of the proposed rule change is available at the Exchange’s Web site at www.batstrading.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

The Exchange proposes to amend Rule 3.13 to update references to a recently amended FINRA rule and make a ministerial, non-substantive change. Rule 3.13(a) prohibits Exchange members from “directly or indirectly, giv[ing], permit[ting] to be given, or offer[ing] to give anything of value to any person for the purpose of influencing or rewarding the action of such person in connection with the publication or circulation in any electronic or other public media, including any investment service or similar publication, Web site, newspaper, magazine or other periodical, radio, or television program of any matter that has, or is intended to have, an effect upon the market price of any security.” The Exchange proposes to amend paragraph (a) by replacing the term “Web site” with “Web site”.

Rule 3.13(b) sets forth exceptions to the prohibitions under paragraph (a) set forth above. These exceptions allow for compensation paid to a person in connection with the publication or circulation of: (i) A communication that is clearly distinguishable as paid advertising; (ii) a communication that discloses the receipt of compensation and the amount thereof in accordance with Section 17(b) of the Securities Act of 1933; or (iii) a research report, as that term is defined in NASD Rule 2711. Rule 3.13 also states that FINRA is in the process of consolidating certain NASD rules into a new FINRA rulebook. This provision also states that “[i]f the provisions of NASD Rule 2711 are transferred into the FINRA rulebook, then Rule 2711 shall be construed to require Exchange members to comply with FINRA rule corresponding to NASD Rule 2711 (regardless of whether such rule is renumbered or amended) as

if such rule were part of the Rules of the Exchange.”

The Commission recently approved a proposed rule change by FINRA to transfer NASD Rule 2711 to the FINRA rulebook and redesignate it as FINRA Rule 2241.⁵ This was proposed as part of FINRA’s process of consolidating certain NASD rules into the new FINRA rulebook. To reflect the approval of this recent FINRA proposed rule change, the Exchange proposes to replace the reference to NASD Rule 2711 with FINRA 2241 under paragraph (b)(3). The Exchange also proposes to delete the provision within Rule 3.13 referencing the transferring of NASD Rule 2711 to the FINRA rulebook as NASD Rule 2711 was transferred to the FINRA rule book as Rule 2241 (described above), as no longer necessary.

2. Statutory Basis

The Exchange believes that proposed rule change is consistent with Section 6(b)(5) of the Act,⁶ 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 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 does not propose to amend the prohibition or exceptions of any of its Rule 3.13. The Exchange believes that by updating cross references to FINRA rules as a result of the transfer of NASD Rule 2711 to the FINRA rulebook as FINRA Rule 2241 and making a ministerial, non-substantive change the proposed rule change would remove impediments to and perfect the mechanism of a free and open market and a national market system by avoiding potential investor and member confusion. The Exchange believes that these clarifying changes also would, in general, protect investors and the public interest.

B. Self-Regulatory Organization’s Statement on Burden on Competition

The Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not propose to amend the prohibition or exceptions of any of its Rule 3.13. The proposed rule change

¹⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6)(iii).

⁵ See Exchange Act Release No. 75471 (July 16, 2015), 80 FR 43482 (July 22, 2015) (SR-FINRA-2014-047).

⁶ 15 U.S.C. 78f(b)(5).