has taken adequate steps to mitigate that risk.

The Commission also believes that the proposal to publish non-ATS trade data by firm, rather than by MPID, is appropriate. The Commission notes FINRA's representation that not all firms have separate MPIDs for unique trading centers at firms (outside the ATS context) and that publishing non-ATS volume data at the MPID level may not provide meaningful or consistent information to the marketplace. Therefore, the Commission further believes that for members using more than one MPID for their non-ATS trading, FINRA's proposal to aggregate and publish non-ATS volume data for non-ATS MPIDs belonging to a firm under a single parent identifier or firm name is appropriate.

Lastly, the Commission believes that the proposal to aggregate volume for all members that do not meet a *de minimis* threshold of fewer than on average 200 non-ATS transactions per day executed by the firm across all securities (for displaying aggregate volume across all securities by firm) or in a specific security (for displaying volume in a particular security by firm) during the one-week reporting period is appropriate. The Commission notes that FINRA's review of a one-week period found that, absent this threshold, approximately 300 individual firms would have had volume attributed by name, versus only 62 firms if the threshold had been applied, and that those 62 firms would account for 98.99 percent of all trading volume, representing a significant improvement in the transparency of this segment of the market.

IV. Conclusion

It is therefore ordered pursuant to Section 19(b)(2) of the Act [40] that the proposed rule change (SR–FINRA–2015–020), as amended, be and hereby is approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[41]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2015–25703 Filed 10–8–15; 8:45 am]

BILLING CODE 8011–01–P

[40] 15 U.S.C. 78s(b)(2).

[41] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–76076; File No. SR–NASDAQ–2015–075]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Order Granting Approval of Proposed Rule Change, as Modified by Amendment Nos. 1 and 2 Thereto, Relating to the Listing and Trading of Shares of the First Trust SSI Strategic Convertible Securities ETF of First Trust Exchange-Traded Fund IV

October 5, 2015.

I. Introduction

On July 2, 2015, The NASDAQ Stock Market LLC (''Nasdaq'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'' or ''Exchange Act'') [1] and Rule 19b–4 thereunder,[2] a proposed rule change to list and trade shares (''Shares'') of the First Trust SSI Strategic Convertible Securities ETF of First Trust Exchange-Traded Fund IV (''Fund'') under Nasdaq Rule 5735 (''Managed Fund Shares''). The proposed rule change was published for comment in the **Federal Register** on July 20, 2015.[3] On September 2, 2015, pursuant to Section 19(b)(2) of the Act,[4] the Commission designated a longer period within which to either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.[5] On September 21, 2015, the Exchange filed Amendment No. 1 to the proposed rule change,[6] and on September 28, 2015, the Exchange filed Amendment No. 2 to the proposed rule change.[7] The Commission received no comments on the proposal. This order grants approval of the proposed rule change, as modified by Amendment Nos. 1 and 2 thereto.

II. Description of the Proposal

The Fund will be an actively-managed exchange-traded fund. The Shares will be offered by the First Trust Exchange-Traded Fund IV (''Trust''), which is registered with the Commission as an investment company and has filed a registration statement on Form N–1A with the Commission.[8] First Trust Advisors L.P. will be the investment adviser (''Adviser'') to the Fund. SSI Investment Management Inc. will serve as investment sub-adviser (''Sub-Adviser'') to the Fund and provide day-to-day portfolio management. First Trust Portfolios L.P. (''Distributor'') will be the principal underwriter and distributor of the Fund's Shares. Brown Brothers Harriman & Co. will act as the administrator, accounting agent, custodian, and transfer agent to the Fund.

The Exchange has made the following representations and statements in describing the Fund and its investment strategy, including the Fund's portfolio holdings and investment restrictions.[9]

A. The Exchange's Description of the Fund's Principal Investment Policies

According to the Exchange, the investment objective of the Fund will be to seek total return. To achieve its objective, the Fund will invest, under normal market conditions,[10] at least

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 75447 (July 14, 2015), 80 FR 42847 (''Notice'').

[4] 15 U.S.C. 78s(b)(2).

[5] *See* Securities Exchange Act Release No. 75817, 80 FR 54351 (Sept. 9, 2015). The Commission determined that it was appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the proposed rule change and the comments received. Accordingly, the Commission designated October 16, 2015 as the date by which it should approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule change.

[6] In Amendment No. 1 to the proposed rule change, the Exchange amended and replaced the filing, SR–NASDAQ–2015–075, in its entirety.

[7] In Amendment No. 2 to the proposed rule change, as modified by Amendment No. 1 thereto, the Exchange clarified the description of the daily disclosure of the Fund's portfolio by deleting references to ''commodity.'' Amendment Nos. 1 and 2 to the proposed rule change are also available on the Commission's Web site at: *http://www.sec.gov/comments/sr-nasdaq-2015-075/nasdaq2015075.shtml.*

[8] *See* Post-Effective Amendment No. 120 to Registration Statement on Form N–1A for the Trust, dated June 25, 2015 (File Nos. 333–174332 and 811–22559) (''Registration Statement''). The Exchange notes that the Commission has issued an order, upon which the Trust may rely, granting certain exemptive relief under the Investment Company Act of 1940 (''1940 Act''). *See* Investment Company Act Release No. 30029 (Apr. 10, 2012) (File No. 812–13795) (''Exemptive Relief''). In addition, the Exchange notes that the Commission has issued no-action relief, upon which the Trust may rely, regarding the Fund's ability to invest in options contracts, futures contracts, and swap agreements notwithstanding certain representations in the application for the Exemptive Relief. *See* Commission No-Action Letter from the Office of Exemptive Applications/Office of Investment Company Regulation entitled, ''Derivatives Use by Actively-Managed ETFs'' (Dec. 6, 2012).

[9] The Commission notes that additional information regarding the Fund and the Shares, including investment strategies, risks, creation and redemption procedures, fees, Fund holdings disclosure policies, distributions, and taxes can be found in the Notice and the Registration Statement, as applicable. *See* Notice and Registration Statement, *supra* notes 3 and 8, respectively.

[10] The term ''under normal market conditions'' as used herein includes, but is not limited to, the

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80% of its net assets (including investment borrowings) in the following convertible securities: [11] Convertible notes, bonds, and debentures; convertible preferred securities; mandatory convertible securities; [12] contingent convertible securities; [13] synthetic convertible securities; [14] corporate bonds and preferred securities with attached warrants; [15] and convertible Rule 144A securities [16] (collectively, ''Convertible Securities'').[17]

According to the Exchange, the Sub-Adviser, through its investment process, will attempt to identify attractive Convertible Securities based on its positive view of the Underlying Security or its view of the company's potential for credit improvement. The Sub-Adviser will begin its investment process by evaluating a large universe of available Convertible Securities and screening for liquidity and convexity. Convexity is the ratio of upside move in the Convertible Security in conjunction with appreciation of the Underlying Security relative to the downside move in the Convertible Security in conjunction with depreciation of the Underlying Security. The screening process will rely on the Sub-Adviser's fundamental credit evaluation of the issuers. This credit analysis will allow the Sub-Adviser to attempt to identify the downside risk of the Convertible Security, assess the value of the embedded equity, and understand the amount of participation expected with a change in the price of the Underlying Security.

Once attractive Convertible Securities (*i.e.,* Convertible Securities that are most highly ranked, based on a ranking system incorporating target characteristics) have been identified, the Sub-Adviser will use fundamental equity analysis to determine which of the attractive Convertible Securities it believes have a sound Underlying Security with potential for increase in value. In conjunction with its analysis, the Sub-Adviser will review the overall economic situation. The Sub-Adviser will, at times, overweight or underweight different economic sectors, market capitalizations, and credit quality exposures relative to the available universe of Convertible Securities. The Sub-Adviser may also adjust the sensitivity of the portfolio to movements in the equity market and to interest rates based on the macroeconomic outlook. The Fund may manage the market exposure defensively during periods of market distress.

The Fund will invest in Convertible Securities of any credit quality (including unrated securities) and with effective or final maturities of any length. Convertible Securities may be issued by domestic or foreign entities.

The Fund will hold debt securities (including, in the aggregate, Convertible Securities and the debt securities described below) of at least 13 non-affiliated issuers.

B. The Exchange's Description of the Fund's Non-Principal Investment Policies

The Fund may invest up to 20% of its net assets in short-term debt securities and other short-term debt instruments described below, as well as cash equivalents, or it may hold cash. Short-term debt instruments are issued by issuers having a long-term debt rating of at least A by Standard & Poor's Ratings Services (''S&P Ratings''), Moody's Investors Service, Inc. (''Moody's'') or Fitch Ratings (''Fitch'') and have a maturity of one year or less. The Fund may invest in the following short-term debt instruments: (1) Fixed rate and floating rate 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,[18] which involve purchases of debt securities; (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 is short-term unsecured promissory notes; [19] and (7) corporate debt obligations.

The Fund may invest up to 20% of its net assets in exchange-traded notes (''ETNs'').

The Fund may invest up to 20% of its net assets in exchange-listed equity securities (''Equity Securities'').[20] In addition to U.S. exchange-listed equity securities of domestic issuers, Equity Securities may include securities of foreign issuers that are listed on U.S. or

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absence of adverse market, economic, political or other conditions, including extreme volatility or trading halts in the fixed income markets or the financial markets generally; operational issues causing dissemination of inaccurate market information; or force majeure type events such as systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption, or any similar intervening circumstance.

[11] Convertible securities are investment instruments that are normally convertible or exchangeable into equity securities (which are referred to as ''Underlying Securities'') or the cash equivalent thereof. These equity-linked instruments offer the potential for equity market participation with potential mitigated downside risk in periods of equity market declines.

[12] Mandatory convertible securities are distinguished as a subset of convertible securities because the conversion is not optional and the conversion price is based solely upon the market price of the underlying equity security. Mandatory convertible securities automatically convert on maturity.

[13] Contingent convertible securities (which generally provide for conversion under certain circumstances) are distinguished as a subset of convertible securities. Similar to mandatory convertible securities (and unlike traditional convertible securities), some contingent convertible securities provide for mandatory conversion under certain circumstances. In addition, various contingent convertible securities may contain features that limit an investor's ability to convert the security unless certain conditions are met.

[14] A synthetic convertible security will (i) consist of two or more distinct securities whose economic characteristics, when taken together, resemble those of traditional convertible securities (*i.e.,* an income-producing security and the right to acquire an equity security through, for example, an option or a warrant) or (ii) be an exchangeable or equity-linked security issued by a broker-dealer, investment bank, or other financial institution with proceeds going directly to the broker-dealer, investment bank, or other financial institution, as applicable, that has economic characteristics similar to those of traditional convertible securities. The Exchange represents that the Fund's investments in options will be limited to options that represent a component of a synthetic convertible security, and any such options will be exchange-listed. In addition, the Fund will limit its investments in synthetic convertible securities to 10% of its net assets (calculated at the time of investment).

[15] Other than warrants that represent a component of a synthetic convertible security, the Fund's investments in warrants will be limited to such attached warrants, and all such attached warrants will be exchange-listed.

[16] Under normal market conditions, convertible Rule 144A securities will have at the time of original issuance $100 million or more principal amount outstanding to be considered eligible investments.

[17] The Adviser expects that, under normal market conditions, generally, for a Convertible Security to be considered as an eligible investment, after taking into account such an investment, at least 75% of the Fund's net assets that are invested in Convertible Securities will be invested in Convertible Securities that have at the time of original issuance $200 million or more par amount outstanding.

[18] The Fund intends to enter into repurchase agreements only with financial institutions and dealers believed by the Adviser or the Sub-Adviser to present minimal credit risks in accordance with criteria approved by the Board of Trustees of the Trust. The Adviser or the Sub-Adviser will review and monitor the creditworthiness of such institutions. The Adviser or the Sub-Adviser will monitor the value of the collateral at the time the transaction is entered into and at all times during the term of the repurchase agreement.

[19] The Fund may only invest in commercial paper rated A–1 or higher by S&P Ratings, Prime-1 or higher by Moody's, or F1 or higher by Fitch.

[20] The Fund may hold Equity Securities either through direct investment or upon conversion of a Convertible Security into its corresponding Underlying Security (referred to as a ''Post-Conversion Underlying Security'').

foreign exchanges as well as investments in equity securities that are in the form of American Depositary Receipts (''ADRs'') or Global Depositary Receipts (''GDRs,'' and together with ADRs, ''Depositary Receipts'').[21]

The Fund may invest in exchange-listed equity index futures contracts, in exchange-listed and over-the-counter (''OTC'') index credit default swaps, and in forward foreign currency exchange contracts; however, the Exchange represents that the Fund will limit the aggregate notional value of its positions in these instruments (calculated at the time of investment) to 20% of the value of its net assets. The use of futures contracts may allow the Fund to obtain net long or short exposures to selected equity indexes. Index credit default swaps may be used to gain exposure to a basket of credit risk by ''selling protection'' against default or other credit events, or to hedge a broad market credit risk by ''buying protection.'' Forward foreign currency exchange contracts may be used to protect the value of the Fund's portfolio against uncertainty in the level of future currency exchange rates.[22] The Fund's investments in derivative instruments will be consistent with the Fund's investment objective and the 1940 Act and will not be used to seek to achieve a multiple or inverse multiple of an index. The Fund will only enter into transactions in OTC index credit default swaps and forward foreign currency exchange contracts with counterparties that the Adviser or the Sub-Adviser reasonably believes are capable of performing under the applicable agreement.[23]

C. The Exchange's Description of the Fund's Investment Restrictions

The Fund may not invest 25% or more of the value of its total assets in securities of issuers in any one industry. This restriction does not apply to obligations issued or guaranteed by the U.S. government or its agencies or instrumentalities or to securities of other investment companies.[24]

The Fund may hold up to an aggregate amount of 15% of its net assets in illiquid assets (calculated at the time of investment), including Rule 144A securities deemed illiquid by the Adviser or the Sub-Adviser.[25] The Fund will monitor its portfolio liquidity on an ongoing basis to determine whether, in light of current circumstances, an adequate level of liquidity is being maintained, and will consider taking appropriate steps in order to maintain adequate liquidity if, through a change in values, net assets, or other circumstances, more than 15% of the Fund's net assets are held in illiquid assets. Illiquid assets include securities subject to contractual or other restrictions on resale and other instruments that lack readily available markets as determined in accordance with Commission staff guidance.[26]

III. Discussion and Commission Findings

After careful review, the Commission finds that the Exchange's proposal to list and trade the Shares is consistent with the Exchange Act and the rules and regulations thereunder applicable to a national securities exchange.[27] In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Exchange Act,[28] which requires, among other things, that the Exchange's rules be designed 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. The Commission also finds that the proposal to list and trade the Shares on the Exchange is consistent with Section 11A(a)(1)(C)(iii) of the Exchange Act,[29] which sets forth the finding of Congress that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with respect to quotations for and transactions in securities.

Quotation and last sale information for the Shares will be available via Nasdaq proprietary quote and trade services, as well as in accordance with the Unlisted Trading Privileges and the Consolidated Tape Association (''CTA'') plans for the Shares. Quotation and last sale information for U.S. exchange-listed equity securities will be available from the exchanges on which they are traded as well as in accordance with any applicable CTA plans. On each business day, before commencement of trading in Shares in the Regular Market Session[30] on the Exchange, the Fund will disclose on its Web site the identities and quantities of the portfolio of securities and other assets (the ''Disclosed Portfolio'' as defined in Nasdaq Rule 5735(c)(2)) held by the Fund that will form the basis for the Fund's calculation of net asset value (''NAV'') at the end of the business day.[31] The NAV of the

[21] The Fund will not invest in any unsponsored Depositary Receipts. In addition, for the avoidance of doubt, the term ''Equity Securities'' may include exchange-listed equity securities of business development companies (''BDCs'').

[22] The Fund may also enter into foreign currency transactions on a spot (*i.e.,* cash) basis.

[23] The Fund will seek, where possible, to use counterparties, as applicable, whose financial status is such that the risk of default is reduced; however, the risk of losses resulting from default is still possible. The Adviser or the Sub-Adviser will evaluate the creditworthiness of counterparties on an ongoing basis. In addition to information provided by credit agencies, the Adviser's or Sub-Adviser's analysis will evaluate each approved counterparty using various methods of analysis and may consider the Adviser's or Sub-Adviser's past experience with the counterparty, its known disciplinary history and its share of market participation.

[24] *See* Form N–1A, Item 9. The Commission has taken the position that a fund is concentrated if it invests more than 25% of the value of its total assets in any one industry. *See, e.g.,* Investment Company Act Release No. 9011 (Oct. 30, 1975), 40 FR 54241 (Nov. 21, 1975).

[25] In reaching liquidity decisions, the Adviser and the Sub-Adviser may consider the following factors: The frequency of trades and quotes for the security; the number of dealers wishing to purchase or sell the security and the number of other potential purchasers; dealer undertakings to make a market in the security; and the nature of the security and the nature of the marketplace in which it trades (*e.g.,* the time needed to dispose of the security, the method of soliciting offers, and the mechanics of transfer).

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

[27] 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).

[28] 15 U.S.C. 78f(b)(5).

[29] 15 U.S.C. 78k–1(a)(1)(C)(iii).

[30] *See* Nasdaq Rule 4120(b)(4) (describing the three trading sessions on the Exchange: (1) Pre-Market Session from 4:00 a.m. to 9:30 a.m., E.T.; (2) Regular Market Session from 9:30 a.m. to 4:00 p.m. or 4:15 p.m., E.T.; and (3) Post-Market Session from 4:00 p.m. or 4:15 p.m. to 8:00 p.m., E.T.).

[31] On a daily basis, the Fund will disclose on the Fund's Web site the following information regarding each portfolio holding, as applicable to the type of holding: Ticker symbol, CUSIP number or other identifier, if any; a description of the holding (including the type of holding, such as the type of swap); the identity of the security, index, or other asset or instrument underlying the holding, if any; for options, the option strike price; quantity held (as measured by, for example, par value, notional value, or number of shares, contracts, or units); maturity date, if any; coupon rate, if any; effective date, if any; market value of the holding;

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Fund will be determined as of the close of trading (normally 4:00 p.m., E.T.) on each day the New York Stock Exchange is open for business.[32] Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services. Information regarding the previous day's closing price and trading volume information for the Shares will be published daily in the financial section of newspapers. Pricing information for Exchange-Listed Convertible Securities; ETNs; Depositary Receipts, BDCs, Post-Conversion Underlying Securities, and other Equity Securities; exchange-listed equity index futures contracts; and exchange-listed index credit default swaps will be available from the applicable listing exchange and from major market data vendors. Pricing information for OTC Convertible Securities (including convertible notes, bonds, and debentures; convertible preferred securities; mandatory convertible securities; contingent convertible securities; synthetic convertible securities; corporate bonds and preferred securities with attached warrants; [33] and convertible Rule 144A securities); Short-Term Debt Instruments (including short-term U.S. government securities, commercial paper, bankers' acceptances, and short-term corporate debt obligations, all as set forth under ''Other Investments of the Fund''); repurchase agreements; OTC index credit default swaps; and forward foreign currency exchange contracts will be available from major broker-dealer firms or major market data vendors or pricing services. The Fund's Web site will include a form of the prospectus for the Fund and additional data relating to NAV and other applicable quantitative information.

The Commission further believes that the proposal to list and trade the Shares is reasonably designed to promote fair disclosure of information that may be necessary to price the Shares appropriately and to prevent trading when a reasonable degree of transparency cannot be assured. The Exchange will obtain a representation from the issuer of the Shares that the NAV per Share will be calculated daily and that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time. Trading in the Shares will be halted under the conditions specified in Nasdaq Rules 4120 and 4121, including the trading pause provisions under Nasdaq Rules 4120(a)(11) and (12). Trading in the Shares may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable,[34] and trading in the Shares will be subject to Nasdaq Rule 5735(d)(2)(D), which sets forth circumstances under which trading in the Shares may be halted. The Exchange states that it has a general policy prohibiting the distribution of material, non-public information by its employees. Further, the Commission notes that the Reporting Authority [35] that provides the Disclosed Portfolio must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material, non-public information regarding the actual components of the portfolio.[36] In addition, the Exchange states that neither the Adviser nor the Sub-Adviser is a broker-dealer, although the Adviser is affiliated with the Distributor, a broker-dealer. The Adviser has implemented a fire wall with respect to its affiliation with the Distributor regarding access to information concerning the composition of or changes to the portfolio, and personnel who make decisions on the Fund's portfolio composition will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding the Fund's portfolio. The Exchange represents that trading in the Shares will be subject to the existing trading surveillances, administered by both Nasdaq and also the Financial Industry Regulatory Authority (''FINRA'') on behalf of the Exchange, and that these surveillances are designed to detect violations of Exchange rules and applicable federal securities laws.[37] The Exchange further represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws. Moreover, prior to the commencement of trading, the Exchange states that it will inform its members in an Information Circular of the special characteristics and risks associated with trading the Shares.

The Exchange represents that the Shares are deemed to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. In support of this proposal, the Exchange has also made the following representations:

(1) The Shares will be subject to Rule 5735, which sets forth the initial and continued listing criteria applicable to Managed Fund Shares.

(2) The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions.

(3) FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares and the exchange-traded securities and instruments held by the Fund (including Exchange-Listed Convertible Securities; ETNs; Depositary Receipts, BDCs, Post-Conversion Underlying Securities, and other Equity Securities; exchange-listed equity index futures contracts; and exchange-listed index credit default swaps) with other markets and other entities that are members of the Intermarket Surveillance Group (''ISG''),[38] and FINRA may obtain trading information regarding trading in the Shares and the exchange-traded securities and instruments held by the Fund from these markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares and the exchange-traded securities and instruments held by the Fund from markets and other entities that are members of ISG, which includes securities and futures exchanges, or with which the Exchange has in place a comprehensive surveillance sharing agreement.

(4) Prior to the commencement of trading, the Exchange will inform its members in an Information Circular of the special characteristics and risks associated with trading the Shares.

and percentage weighting of the holding in the Fund's portfolio.

[32] NAV will be calculated for the Fund by taking the market price of the Fund's total assets, including interest or dividends accrued but not yet collected, minus all liabilities, and dividing this amount by the total number of Shares outstanding.

[33] Although the attached warrants will be exchange-listed, for purposes of obtaining pricing information, these Convertible Securities will typically be treated as single non-exchange-listed instruments.

[34] These reasons may include: (1) The extent to which trading is not occurring in the securities or the other assets constituting the Disclosed Portfolio of the Fund; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares.

[35] Nasdaq Rule 5730(c)(4) defines ''Reporting Authority.''

[36] *See* Nasdaq Rule 5735(d)(2)(B)(ii).

[37] The Exchange states that FINRA surveils trading on the Exchange pursuant to a regulatory services agreement and that the Exchange is responsible for FINRA's performance under this regulatory services agreement.

[38] For a list of the current members of ISG, *see www.isgportal.org.* The Exchange notes that not all components of the Disclosed Portfolio may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

Specifically, the Information Circular will discuss the following: (a) The procedures for purchases and redemptions of Shares in creation units (and that Shares are not individually redeemable); (b) Nasdaq Rule 2111A, which imposes suitability obligations on Nasdaq members with respect to recommending transactions in the Shares to customers; (c) how information regarding the Intraday Indicative Value is disseminated; (d) the risks involved in trading the Shares during the Pre-Market and Post-Market Sessions when an updated Intraday Indicative Value will not be calculated or publicly disseminated; (e) the requirement that members deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (f) trading information.

(5) For initial and continued listing, the Fund must be in compliance with Rule 10A–3 under the Act.[39]

(6) Under normal market conditions, the Fund will invest at least 80% of its total assets in Convertible Securities.

(7) The Adviser expects that, under normal market conditions, generally, for a Convertible Security to be considered as an eligible investment, after taking into account such an investment, at least 75% of the Fund's net assets that are invested in Convertible Securities will be invested in Convertible Securities that will have at the time of original issuance $200 million or more par amount outstanding.

(8) At least 90% of the Fund's net assets that are invested in Exchange-Listed Convertible Securities; ETNs; Depositary Receipts, BDCs, Post-Conversion Underlying Securities, and other Equity Securities; exchange-listed equity index futures contracts; and exchange-listed index credit default swaps (in the aggregate) will be invested in investments that trade in markets that are members of ISG or are parties to a comprehensive surveillance sharing agreement with the Exchange. Further, at least 90% of the Underlying Securities corresponding to the pre-conversion Convertible Securities held by the Fund (measured by par value) will trade in markets that are members of ISG or parties to a comprehensive surveillance sharing agreement with the Exchange.

(9) The Fund's investments in options will be limited to options that represent a component of a synthetic convertible security, and any such options will be exchange-listed. The Fund will limit its investments in synthetic convertible securities to 10% of its net assets (calculated at the time of investment).

(10) The Fund may invest in exchange-listed equity index futures contracts, in exchange-listed and OTC index credit default swaps, and in forward foreign currency exchange contracts; however, the Fund will limit the aggregate notional value of its positions in these instruments (calculated at the time of investment) to 20% of the value of its net assets.

(11) The Fund intends to enter into repurchase agreements only with financial institutions and dealers believed by the Adviser or the Sub-Adviser to present minimal credit risks in accordance with criteria approved by the Board of Trustees of the Trust. The Adviser or the Sub-Adviser will review and monitor the creditworthiness of such institutions. The Adviser or the Sub-Adviser will monitor the value of the collateral at the time the transaction is entered into and at all times during the term of the repurchase agreement.

(12) The Fund may only invest in commercial paper rated A–1 or higher by S&P Ratings, Prime-1 or higher by Moody's or F1 or higher by Fitch.

(13) Under normal market conditions, convertible Rule 144A securities will have at the time of original issuance $100 million or more principal amount outstanding to be considered eligible investments.

(14) The Fund may hold up to an aggregate amount of 15% of its net assets in illiquid assets (calculated at the time of investment), including Rule 144A securities deemed illiquid by the Adviser or the Sub-Adviser.[40] The Fund will monitor its portfolio liquidity on an ongoing basis to determine whether, in light of current circumstances, an adequate level of liquidity is being maintained, and will consider taking appropriate steps in order to maintain adequate liquidity if, through a change in values, net assets, or other circumstances, more than 15% of the Fund's net assets are held in illiquid assets.

(15) The Fund will only enter into transactions in OTC index credit default swaps and forward foreign currency exchange contracts with counterparties that the Adviser or the Sub-Adviser reasonably believes are capable of performing under the applicable agreement, and the Fund will seek, where possible, to use counterparties whose financial status is such that the risk of default is reduced.

(16) The Fund's investments in derivative instruments will be consistent with the Fund's investment objective and the 1940 Act and will not be used to seek to achieve a multiple or inverse multiple of an index.

(17) A minimum of 100,000 Shares will be outstanding at the commencement of trading on the Exchange.

This approval order is based on all of the Exchange's representations, including those set forth above and in Amendment Nos. 1 and 2 to the proposal, and the Exchange's description of the Fund.

For the foregoing reasons, the Commission finds that the proposed rule change, as modified by Amendment Nos. 1 and 2 thereto, is consistent with Section 6(b)(5) of the Act[41] and the rules and regulations thereunder applicable to a national securities exchange.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[42] that the proposed rule change (SR–NASDAQ–2015–075), as modified by Amendment Nos. 1 and 2 thereto, be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[43]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2015–25701 Filed 10–8–15; 8:45 am]

BILLING CODE 8011–01–P

[39] *See* 17 CFR 240.10A–3.

[40] In reaching liquidity decisions, the Adviser and the Sub-Adviser may consider the following factors: The frequency of trades and quotes for the security; the number of dealers wishing to purchase or sell the security and the number of other potential purchasers; dealer undertakings to make a market in the security; and the nature of the security and the nature of the marketplace in which it trades (*e.g.,* the time needed to dispose of the security, the method of soliciting offers and the mechanics of transfer).

[41] 15 U.S.C. 78f(b)(5).

[42] 15 U.S.C. 78s(b)(2).

[43] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–76070; File No. SR–BATS–2015–82]

Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees for Use of BATS Exchange, Inc.

October 5, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on September 30, 2015, BATS Exchange,

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b 4.