organization consents, the Commission will:
(A) by order approve or disapprove
the proposed rule change, or
(B) institute proceedings to determine
whether the proposed rule change
should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to
submit written data, views, and
arguments concerning the foregoing,
including whether the proposed rule
change is consistent with the Act.
Comments may be submitted by any
of the following methods:

Electronic Comments
• Use the Commission’s Internet
  comment form (http://www.sec.gov/
rules/sro.shtml); or
• Send an email to rule-comments@
  sec.gov. Please include File Number SR–
  NYSEArca-2015–110 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 20549–1000.
All submissions should refer to File
Number SR–NYSEArca–2015–110. 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 Section, 100 F Street NE.,
Washington, DC 20549 on official
business days between 10:00 a.m. and
3:00 p.m. Copies of the filing will also
be available for inspection and copying
at the NYSE’s principal office and on its
Internet Web site at www.nyse.com. 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–NYSEArca–2015–110 and
should be submitted on or before
December 18, 2015.

For the Commission, by the Division of
Trading and Markets, pursuant to delegated
authority.44
Robert W. Errett,
Deputy Secretary.
[FR Doc. 2015–30078 Filed 11–25–15; 8:45 am]
BILLING CODE 8011–01–P

SEcurities and exchange comMISSION

[Release No. 34–76499; File No. SR–
NASD–2015–142]

Self-Regulatory Organizations; The
NASDAQ Stock Market LLC; Notice of
Filing and Immediate Effectiveness of
Proposed Rule Change Relating to
Market Order Spread Protection

November 20, 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 November
12, 2015, The NASDAQ Stock Market
LLC ("Nasdaq" or “Exchange”) filed
with the Securities and Exchange
Commission ("Commission") the
proposed rule change as described in
Items I, II, and III, below, which Items
have been prepared by the Exchange.
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 proposes to amend the
rules of the NASDAQ Options Market,
LLC (“NOM”). NASDAQ’s facility for
executing and routing standardized
equity and index options, at Chapter VI,
Section 6, entitled “Acceptance of
Quotes and Orders,” specifically at
Section 6(c) concerning Market Order
Spread Protection.

The text of the proposed rule change
is available on the Exchange’s Web site
at http://nasdaq.cchwallstreet.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 purpose of this filing is to amend
Chapter VI, Section 6 entitled
“Acceptance of Quotes and Orders,”
specifically, at paragraph (c) related to
Market Order Spread Protection. This
feature was adopted as an enhancement
to NOM’s Systems in 2011.3 The Market
Order Spread Protection was designed to
protect Market Orders4 from being
executed in very wide markets. This
feature is not optional and is set at the
same threshold for all options traded on
NOM. The Market Order Spread
Protection is applicable to all
Participants submitting Market Orders.

At this time, the Exchange is
proposing to amend Section 6(c) which
currently states, “System Orders that are
Market Orders will be rejected if the
NBBO is wider than a preset threshold
at the time the order is received by the
System.” The Exchange proposes to
amend this sentence as follows:
“System Orders that are Market Orders
will be rejected if the best of the NBBO
and the internal market BBO5 (the
“Reference BBO”) is wider than a preset
threshold at the time the order is
received by the System.” The Exchange is
amending this rule text to account for
both Price-Improving6 and Post-Only
Orders.7 Both of these order types, as
well as orders which would lock or
cross another market,8 could result in
non-displayed pricing and would result

(June 14, 2011), 76 FR 35930 (June 20, 2011) (SR–
4 “Market Orders” are orders to buy or sell at the
best price available at the time of execution.
Participants can designate that their Market Orders
not executed after a pre-established period of time,
as established by the Exchange, will be cancelled
back to the Participant. See NOM Rules at Chapter
VI, Section 6(e)(5).
5 Best Bid or Best Offer on NOM.
6 See NOM Rules at Chapter VI, Section 6(e)(6).
7 See NOM Rules at Chapter VI, Section 6(e)(11).
8 Options Order Protection and Locked and
Crossed Market Rules are located in Chapter XII of
NOM Rules. In the event of a locked and crossed
market, the BBP will be repriced and displayed in
accordance with NOM Rules at Chapter VI, Section
7(b)(3)(C).
in the internal market BBO being better than the NBBO.

Price Improving Orders are orders to buy or sell an option at a specified price at an increment smaller than the minimum price variation ("MPV") in the security. Price Improving Orders may be entered in increments as small as one cent. Price Improving Orders that are available for display shall be displayed at the minimum price variation in that security and shall be rounded up for sell orders and rounded down for buy orders.

Post-Only Orders are orders that will not remove liquidity from the System. Post-Only Orders are to be ranked and executed on the Exchange or cancelled, as appropriate, without routing away to another market. Post-Only Orders are evaluated at the time of entry with respect to locking or crossing other orders as follows: (i) If a Post-Only Order would lock or cross an order on the System, the order will be re-priced to $0.01 below the current low offer (for bids) or above the current best bid (for offers) and displayed by the System at one minimum price increment below the current low offer (for bids) or above the current best bid (for offers); and (ii) if a Post-Only Order would not lock or cross an order on the System but would lock or cross the NBBO as reflected in the protected quotation of another market center, the order will be handled pursuant to Chapter VI, Section 7(b)(3)(C). Participants may choose to have their Post-Only Orders returned whenever the order would lock or cross the NBBO or be placed on the book at a price other than its limit price. Post-Only Orders received prior to the opening will be eligible for execution during the opening cross and will be processed as per Chapter VI, Section 8. Post-Only Orders received after market close will be rejected.9 Similarly, with this order type, market participants are able to submit orders or quotes priced between the MPV.

The current rule text does not reflect the possibility that orders or quotes could be priced between the MPV. The proposed rule text amends the current rule text to account for Price Improving and Post-Only Orders and the results of repricing.

The following is an example of a Price Improving Order and Market Order Spread Protection. Assume an option MPV is scaled in $0.05 increments and a limit buy order of $0.05 exists on the Exchange. If a Price Improving sell order is entered at $0.11, this order will not be displayed at its limit of $0.11, because the order is priced at a non-MPV increment. This order will be displayed at the nearest MPV price of $0.15 (because of the option’s $0.05 MPV increment). Assume this order makes up the best offer on the Exchange. For this example, assume the Market Order Spread Threshold in the System is set at $0.09. Further assume a Market Order to buy is submitted to the Exchange. Based on the Exchange’s proposed implementation of Market Order Spread Protection, the Market Order to buy would execute against the resting sell order at $0.11, since $0.11 is the best available offer and the internal market BBO spread is $0.06 (spread between the best bid of $0.05 and the best offer of $0.11) which is less than the Market Order Spread Threshold of $0.09. Based on the current rule text, a Participant could expect their Market Order to be rejected, since the NBBO spread is $0.10 (spread between the best NBB of $0.05 and the NBO of $0.15) which exceeds the $0.09 Market Order Spread Threshold. The Exchange is amending the rule text to provide for the internal market BBO being better than the NBBO.

The following is a similar example for a Post-Only Order. Assume an option MPV is scaled in $0.05 increments and a limit buy order of $0.05 exists on the Exchange. If a Post-Only Order is entered to sell at $0.05, this order will not immediately trade at its limit of $0.05 since by definition it will not remove liquidity from the System. Instead, the Post-Only Order will be available to trade at $0.01 above the locking price of $0.05 (i.e., $0.06) and displayed at the nearest MPV increment price of $0.10. Assume this order makes up the best offer on the Exchange. For this example, assume the Market Order Spread Threshold in the System is set at $0.04. Further assume a Market Order to buy is submitted to the Exchange. Based on the Exchange’s proposed implementation of Market Order Spread Protection, the Market Order to buy would execute against the resting Post-Only Order at $0.06, since $0.06 is the best available offer and the internal market BBO spread is $0.01 (spread between the best bid of $0.05 and the best offering of $0.06) which is less than the Market Order Spread Threshold of $0.04. Based on the current rule text, a Participant could expect their Market Order to be rejected, since the NBBO spread is $0.05 (spread between the best NBB of $0.05 and the NBO of $0.10) which exceeds the $0.04 Market Order Spread Threshold.

This rule change will correct the existing rule text to reflect current practice which accounts for non-displayed order types and reprices due to trade-through and locked and crossed market restrictions.10 Participants were notified via an Options Trader Alert of this rule text error.11

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act 12 in general, and furthers the objectives of Section 6(b)(5) of the Act 13 in particular, in that it is 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, by amending the rule text to reflect the impact of non-displayed order types and repricing due to trade-through and locked and crossed market restrictions.

Amending the current NOM rule text for Market Order Spread Protection to account for non-displayed orders such as Price-Improving and Post-Only Orders and repricing due to trade-through and locked and crossed market restrictions would provide Participants with the expected results of the Market Order Spread Protection feature. The Exchange believes that it is consistent with the Act to amend the rule text to reflect these non-displayed orders because today, these order types permit Participants to submit orders or quotes priced between the MPV, which will be rounded to the nearest MPV for display.

The Exchange believes that the amendment to the Market Order Spread Protection language does not otherwise create an impediment to a free and open market because these order types already exist today and provide investors the opportunity to trade at a better price than would otherwise be available, e.g. inside the disseminated best bid and offer for a security, which could result in better executions for investors. Further, these order types incent Participants to compete by putting forth their best price to potentially match or better any Price Improving or Post-Only Orders or any other order resident in the System. This may result in more aggressive, rather than less aggressive, trading interest. This proposal reflects the impact of these order types on the Market Order Spread Protection feature.

By reflecting the proper rule text to account for these order types the

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9 Post-Only Orders may not have a time-in-force designation of Good Til Cancelled or Immediate or Cancel.

10 See Chapter XII of NOM Rules.


Exchange is providing Participants with additional information with which to anticipate the impact of the Market Order Spread Protection feature.

**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 not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposal to amend the Market Order Spread Protection rule text to account for Price Improving or Post-Only Orders or repricing due to trade-through and locked and crossed market restrictions creates an undue burden on competition because it will serve to provide Participants with greater information to anticipate the impact of the Market Order Spread Protection feature. Today, Participants are able to submit orders or quotes priced between the MPV for display at the nearest MPV. This rule change would reflect the ability to enter these types of orders on NOM and the impact of the Market Order Spread Protection feature. The purpose of this rule change is to protect orders resting on the Order Book when the market is wide. This feature will be applied in a similar manner to all Participants on NOM.

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

No written comments were either solicited or received.

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

Because the foregoing 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 for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act14 and 19(b)(4)(E). In addition, Rule 19b–4(f)(6). In addition, Rule 19b–4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

temporarily suspend such rule change if it appears to the Commission that such action is: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule 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. Please include File Number SR–NASDAQ–2015–142 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–NASDAQ–2015–142 and should be submitted on or before December 18, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.16

Robert W. Errett.
Deputy Secretary.

November 19, 2015.

AGENCY: Securities and Exchange Commission (“Commission”).

**ACTION:** Notice of an application under section 6(c) of the Investment Company Act of 1940 (“Act”) for an exemption from section 15(a) of the Act and rule 18f–2 under the Act, as well as from certain disclosure requirements in rule 20a–1 under the Act, Item 19(a)(3) of Form N–1A, Items 22(c)(1)(i)(ii), 22(c)(1)(iii), 22(c)(8) and 22(c)(9) of Schedule 14A under the Securities Exchange Act of 1934, and Sections 6–07(2)(a), (b), and (c) of Regulation S–X (“Disclosure Requirements”). The requested exemption would permit an investment adviser to hire and replace certain sub-advisers without shareholder approval and grant relief from the Disclosure Requirements as they relate to fees paid to the sub-advisers.

**Applicants: ETF Series Solutions (the “Trust”), a Delaware statutory trust registered under the Act as an open-end management investment company with multiple series, and AlphaClone, Inc. (the “Initial Adviser”), a Delaware corporation registered as an investment adviser under the Investment Advisers Act of 1940.

**Filing Dates:** The application was filed on May 28, 2015 and amended on September 25, 2015.

**Hearing or Notification of Hearing:** An order granting the requested relief will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission’s Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on December 14, 2015, and

15 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.