

are based on services provided that are in addition to, rather than duplicative of, services provided under the advisory contract(s) of any Underlying Fund in which the Fund of Funds may invest. Such finding, and the basis upon which the finding was made, will be recorded fully in the minute books of the appropriate Fund of Funds.

10. The Adviser will waive fees otherwise payable to it by a Fund of Funds in an amount at least equal to any compensation (including fees received pursuant to any plan adopted by an Unaffiliated Investment Company pursuant to rule 12b-1 under the 1940 Act) received from an Unaffiliated Fund by the Adviser, or an affiliated person of the Adviser, other than any advisory fees paid to the Adviser or its affiliated person by the Unaffiliated Investment Company, in connection with the investment by the Fund of Funds in the Unaffiliated Fund. Any Sub-Adviser will waive fees otherwise payable to the Sub-Adviser, directly or indirectly, by the Fund of Funds in an amount at least equal to any compensation received by the Sub-Adviser, or an affiliated person of the Sub-Adviser, from an Unaffiliated Fund, other than any advisory fees paid to the Sub-Adviser or its affiliated person by the Unaffiliated Investment Company, in connection with the investment by the Fund of Funds in the Unaffiliated Fund made at the direction of the Sub-Adviser. In the event that the Sub-Adviser waives fees, the benefit of the waiver will be passed through to the Fund of Funds.

11. Any sales charges and/or service fees charged with respect to shares of a Fund of Funds will not exceed the limits applicable to funds of funds set forth in NASD Conduct Rule 2830.

12. No Underlying Fund will acquire securities of any other investment company or company relying on section 3(c)(1) or 3(c)(7) of the 1940 Act, in excess of the limits contained in section 12(d)(1)(A) of the 1940 Act, except to the extent that such Underlying Fund: (a) Acquires such securities in compliance with section 12(d)(1)(E) of the 1940 Act and either is an Affiliated Fund or is in the same "group of investment companies" as its corresponding master fund; (b) receives securities of another investment company as a dividend or as a result of a plan of reorganization of a company (other than a plan devised for the purpose of evading section 12(d)(1) of the 1940 Act); or (c) acquires (or is deemed to have acquired) securities of another investment company pursuant to exemptive relief from the Commission permitting such Underlying Fund to: (i) Acquire

securities of one or more investment companies for short-term cash management purposes or (ii) engage in inter-fund borrowing and lending transactions.

#### *B. Other Investments by Section 12(d)(1)(G) Funds of Funds*

Applicants agree that the order granting the requested relief to permit Section 12(d)(1)(G) Funds of Funds to invest in Other Investments shall be subject to the following condition:

1. Applicants will comply with all provisions of rule 12d1-2 under the 1940 Act, except for paragraph (a)(2) to the extent that it restricts any Section 12(d)(1)(G) Fund of Funds from investing in Other Investments as described in the application.

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

**Brent J. Fields,**

*Secretary.*

[FR Doc. 2015-03689 Filed 2-23-15; 8:45 am]

**BILLING CODE 8011-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-74294; File No. SR-BYX-2015-10]**

### **Self-Regulatory Organizations; BATS Y-Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 8.15 Entitled "Imposition of Fines for Minor Violation(s) of Rules"**

February 18, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on February 5, 2015, BATS Y-Exchange, Inc. (the "Exchange" or "BYX") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been 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 Act<sup>3</sup> and Rule 19b-4(f)(6)(iii) thereunder,<sup>4</sup> 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.

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

<sup>2</sup> 17 CFR 240.19b-4.

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

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

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

The Exchange filed a proposal to amend Rule 8.15 entitled "Imposition of Fines for Minor Violation(s) of Rules." The text of the proposed rule change is available at the Exchange's Web site at [www.batstrading.com](http://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 8.15 in order to make it substantively identical to the corresponding rules on EDGX Exchange, Inc. ("EDGX") and EDGA Exchange, Inc. ("EDGA"), as further described below. Earlier this year, the Exchange and its affiliate, BATS Exchange, Inc. ("BZX"), received approval to effect a merger (the "Merger") of the Exchange's parent company, BATS Global Markets, Inc., with Direct Edge Holdings LLC, the indirect parent of EDGX and EDGA (together with BZX, BYX and EDGX, the "BGM Affiliated Exchanges").<sup>5</sup> In the context of the Merger, the BGM Affiliated Exchanges are working to align certain system and regulatory functionality, retaining only intended differences between the BGM Affiliated Exchanges. Thus, the proposal set forth below is intended to amend Rule 8.15 in order to make the rule substantively identical to corresponding rules on EDGA and EDGX related to minor violations of exchange rules in order to provide a consistent regulatory approach across each of the BGM Affiliated Exchanges.

Currently, Rule 8.15(a) provides that, in lieu of commencing a disciplinary

<sup>5</sup> See Securities Exchange Act Release No. 71375 (January 23, 2014), 79 FR 4771 (January 29, 2014) (SR-BATS-2013-059; SR-BYX-2013-039).

proceeding as described in Rules 8.1 through 8.13, the Exchange may, subject to the requirements set forth in this Rule, impose a fine, not to exceed \$2,500, on any Member, associated person of a Member, or registered or non-registered employee of a Member, for any violation of a Rule of the Exchange, which violation the Exchange shall have determined is minor in nature. The Exchange is proposing to add language in order to make Rule 8.15(a) and Interpretation and Policy .01 to Rule 8.15 identical to the corresponding EDGA and EDGX rules.<sup>6</sup> Specifically, the Exchange is proposing that the Exchange may, if no exceptional circumstances are present, impose a fine based upon a determination that there exists a pattern or practice of violative conduct. As proposed, the Exchange also may aggregate similar violations generally if the conduct was unintentional, there was no injury to public investors, or the violations resulted from a single systemic problem or cause that has been corrected.

Currently, under Interpretation and Policy .01 to Rule 8.15, the Exchange fines individuals \$100, \$300, and \$500 and Member firms \$500, \$1,000, and \$2,500 for their first, second, and third time fined under Rule 8.15 within a rolling 12-month period, respectively, for the following violations of Exchange rules: (a) Rule 4.2 and Interpretation and Policy thereunder requiring the submission of responses to Exchange requests for trading data within a specified time period; (b) Rule 11.19 requirement to identify short sale orders as such; and (c) Rule 11.20 requirement to comply with locked and crossed market rules. The Exchange is proposing to add two additional instances to the fine structure described above. These additional instances include: (1) Rule 3.5 Advertising Practices; and (2) Rule 12.11 Interpretation and Policy .01 and Exchange Act Rule 604—Failure to properly display limit orders.<sup>7</sup>

The Exchange is also proposing to make several non-substantive changes to Interpretation and Policy .01 to Rule 8.15. First, the Exchange is proposing to change the numbering within the rule to

reflect the additions described above. Second, the Exchange is proposing to change the phrase “limit orders” in paragraph (e) of Interpretation and Policy .01 to Rule 8.15 to “quotations.” The Exchange believes that this change is non-substantive because, in this instance, the terms limit orders and quotations are interchangeable. Paragraph (e) is referring to the obligation of a Market Maker under Rule 11.8 to maintain continuous liquidity of both buy and sell orders, which are referred to as quotes or quotations in Rule 11.8, at certain prices. Based on Exchange functionality, the only way to enter priced orders that could meet such quotation obligations would be through use of limit orders. As such, the Exchange believes that the proposed change is non-substantive, makes the rule more clear, and more accurately reflects the language used in Exchange Rule 11.8. Further, the change would make the rule text identical to that of EDGA and EDGX.

## 2. Statutory Basis

The Exchange believes that the rule change proposed in this submission is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.<sup>8</sup> Specifically, the proposed change is consistent with Section 6(b)(5) of the Act,<sup>9</sup> because 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. As mentioned above, the proposed rule changes, combined with the planned filing for BZX,<sup>10</sup> would allow the BGM Affiliated Exchanges to provide a consistent set of rules as it relates to the imposition of fines for minor violations of rules across each of the exchanges. Consistent rules, in turn, will simplify the regulatory requirements for Members of the Exchange that are also participants on BZX, EDGA, and/or EDGX. The proposed rule change would provide greater harmonization between rules of similar purpose on the BGM Affiliated Exchanges, resulting in greater uniformity and less burdensome and more efficient regulatory compliance. As such, the proposed rule change would foster cooperation and coordination with persons engaged in

facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system.

Specifically, the changes to Rule 8.15(a) and the addition of new paragraphs (d) and (e) to Interpretation and Policy .01 of Rule 8.15 will provide the Exchange with additional ways to handle related minor violations as well as providing the Exchange with the ability to handle other rule violations which it believes to be minor under Rule 8.15. The Exchange believes that, in addition to the benefits to Members described above, the proposal will enhance the Exchange’s ability to efficiently regulate its Members, meaning that the proposed rule change is equitable and will promote fairness in the market place.

Further, the Exchange believes that the proposal is consistent with Sections 6(b)(1) and 6(b)(6) of the Act<sup>11</sup> which require that the rules of an exchange enforce compliance with, and provide appropriate discipline for, violations of the Commission and Exchange rules. The Exchange also believes that the proposal is consistent with the public interest, the protection of investors, or otherwise in furtherance of the purposes of the Act because the proposal helps to strengthen the Exchange’s ability to carry out its oversight and enforcement responsibilities as a self-regulatory organization in cases where full disciplinary proceedings are unsuitable in view of the minor nature of a particular violation.

Finally, the Exchange believes that the non-substantive changes discussed above will contribute to the protection of investors and the public interest by helping to avoid confusion with respect to Exchange rules.

### *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. To the contrary, allowing the Exchange to implement substantively identical rules related to the imposition of fines for minor violations of rules across each of the BGM Affiliated Exchanges does not present any competitive issues, but rather is designed to provide greater harmonization among Exchange, BZX, EDGA, and EDGX rules of similar purpose, resulting in less burdensome and more efficient regulatory compliance for common members of the

<sup>6</sup> See EDGX Rule 8.15(a) and Interpretation and Policy .01 to Rule 8.15 and EDGA Rule 8.15(a) and Interpretation and Policy .01 to Rule 8.15.

<sup>7</sup> The Exchange notes that these proposed changes would make the Exchange’s Rule 8.15 substantively identical to the corresponding EDGA and EDGX rules based on filings SR-EDGA-2015-11 and SR-EDGX-2015-10. Such filings propose to remove paragraph (d) of Interpretation and Policy .01 to both EDGA and EDGX rules 8.15. The Exchange also notes that BZX intends to file a proposal very similar to this proposal that will align the rules related to fines for minor violation of exchange rules across each of the BGM Affiliated Exchanges.

<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

<sup>10</sup> See supra note 7.

<sup>11</sup> 15 U.S.C. 78f(b)(1) and 78f(b)(6).

BGM Affiliated Exchanges and an enhanced ability of the BGM Affiliated Exchanges to fairly and efficiently regulate members, which will further enhance competition.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

**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) of the Act<sup>12</sup> and paragraph of Rule 19b-4(f)(6) thereunder.<sup>13</sup>

At any time within 60 days of the filing of the 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.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposal 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 No. SR-BYX-2015-10 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 No. SR-BYX-2015-10. 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 will also 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 No. SR-BYX-2015-10 and should be submitted on or before March 17, 2015.

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

**Brent J. Fields,**

*Secretary.*

[FR Doc. 2015-03669 Filed 2-23-15; 8:45 am]

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-74298; File No. SR-NYSEMKT-2014-95]

**Self-Regulatory Organizations; NYSE MKT LLC; Order Instituting Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change, as Modified by Partial Amendment No. 1 and Partial Amendment No. 2, Amending Rule 13—Equities and Related Rules Governing Order Types and Modifiers**

February 18, 2015.

**I. Introduction**

On October 31, 2014, NYSE MKT LLC ("NYSE MKT" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule

19b-4 thereunder,<sup>2</sup> a proposed rule change to amend Exchange Rule 13—Equities and other related Exchange rules governing order types and order modifiers. The proposed rule change was published in the **Federal Register** on November 20, 2014.<sup>3</sup> On November 14, 2014, the Exchange submitted Partial Amendment No. 1 to the Commission.<sup>4</sup> On December 22, 2014, the Exchange submitted Partial Amendment No. 2 to the Commission. On December 22, 2014, pursuant to section 19(b)(2) of the Act,<sup>5</sup> the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.<sup>6</sup> The Commission has received no other comment on the proposal. This order institutes proceedings under section 19(b)(2)(B) of the Act<sup>7</sup> to determine whether to approve or disapprove the proposal.

**II. Description of the Proposal**

The Exchange proposes to amend Exchange Rule 13—Equities by re-grouping and re-numbering existing order types and order modifiers. The Exchange also proposes to make changes to certain order types and order modifiers. In addition, the Exchange proposes to amend certain rules to remove references to functionality that is no longer operative. Under the proposal, Rule 13—Equities would be reorganized into six categories: (a) Primary order types; (b) time in force modifiers; (c) auction-only orders; (d) orders with instructions not to display all or a portion of the order; (e) orders with instructions not to route; and (f) additional orders and modifiers.

*A. Primary Order Types*

Proposed section (a) of Rule 13—Equities would set forth two primary order types—Market Orders and Limit Orders—and specify which orders are eligible for automatic executions. The Exchange proposes to delete the current definition of "Auto Ex Order" and

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 73593 (Nov. 14, 2014), 79 FR 69153 ("Notice").

<sup>4</sup> The Exchange also submitted a copy of the amendment to the public comment file. See Letter from Sudhir Bhattacharyya, Vice President, New York Stock Exchange, to Kevin M. O'Neill, Deputy Secretary, Commission (Nov. 14, 2014).

<sup>5</sup> 15 U.S.C. 78s(b)(2).

<sup>6</sup> See Securities Exchange Act Release No. 73913, 79 FR 78531 (Dec. 30, 2014). The Commission designated February 18, 2015, as the date by which it should approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule change.

<sup>7</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b-4.

<sup>14</sup> 17 CFR 200.30-3(a)(12).

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