

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

**Robert W. Errett,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-76981; File No. SR-NYSEArca-2016-20]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Reflect Changes to the Investment Strategy for the PowerShares S&P 500<sup>®</sup> Downside Hedged Portfolio

January 28, 2016.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the “Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on January 26, 2016, NYSE Arca, Inc. (the “Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. 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 a rule change to reflect changes to the investment strategy for the PowerShares S&P 500<sup>®</sup> Downside Hedged Portfolio (the “Fund”). The proposed rule change is available on the Exchange’s Web site at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below.

The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

##### 1. Purpose

The Commission previously approved listing and trading on the Exchange of shares (“Shares”) of the Fund, a series of the PowerShares Actively Managed Exchange-Traded Fund Trust (the “Trust”),<sup>4</sup> under NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares. Shares of the Fund have commenced listing and trading on the Exchange.

The Shares are offered by the Trust, a statutory trust organized under the laws of the State of Delaware and registered with the Commission as an open-end management investment company.<sup>5</sup> The investment advisor to the Fund is Invesco PowerShares Capital Management LLC (the “Adviser”).

In this proposed rule change, the Exchange proposes to reflect changes to the investment strategy that the Adviser utilizes in seeking to achieve the Fund’s investment objective, as described below.<sup>6</sup>

The Prior Release stated that, according to the Registration Statement, the Fund is an actively managed exchange-traded fund that will seek to achieve positive total returns in rising or falling markets that are not directly

correlated to broad equity or fixed income market returns. According to the Registration Statement, the Fund seeks to achieve its investment objective by using a quantitative, rules-based investment strategy designed to provide returns that correspond to the performance of the S&P 500 Dynamic VEQTOR Index (the “Benchmark”). The Registration Statement also stated that the allocation among the Fund’s investments generally will approximate the allocation among the components of the Benchmark.

The Adviser now represents that, rather than employing a quantitative, rules-based strategy designed to provide returns that correspond to the performance of the Benchmark, the Fund will use a quantitative, rules-based strategy that is designed to outperform the Benchmark rather than match it.

The Adviser will continue to invest the Fund in the same instruments as are contained in the Benchmark, as discussed in the Prior Release. However, the Adviser now represents that the Fund will use portfolio management strategies in seeking to achieve its investment objective that allocate the Fund’s assets in a manner that may not correspond to the Benchmark. The Adviser also now represents that, going forward, the Fund will seek to outperform the Benchmark rather than match it.

The Exchange notes that the Prior Release stated that, according to the Registration Statement, the Fund may invest a portion of its assets in high-quality money market instruments, cash, and cash equivalents to provide liquidity, to collateralize its futures contracts investments, or to track the Benchmark during times when the Benchmark moves its entire allocation to cash. The Exchange also proposes to change this representation to state that the Fund may invest a portion of its assets in high-quality money market instruments, cash, and cash equivalents to provide liquidity, to collateralize its futures contracts investments, or during periods of heightened volatility when the Adviser believes that it is in the best interest of the Fund to do so. Because the Fund, going forward, would seek to outperform rather than match the Benchmark, the Fund would no longer utilize high quality money market instruments, cash and cash equivalents for the purpose of tracking the Benchmark.

The Adviser represents that there is no change to the Fund’s investment objective. The Fund will continue to invest in the securities and financial instruments identified in the Prior

<sup>10</sup> 17 CFR 200.30-3(a)(12).

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

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

<sup>3</sup> 17 CFR 240.19b-4.

<sup>4</sup> See Securities Exchange Act Release No. 68158 (Nov. 5, 2012), 77 FR 67412 (Nov. 9, 2012) (SR-NYSEArca-2012-101) (“Prior Order”). See also Securities Exchange Act Release No. 67881 (Sept. 18, 2012), 77 FR 58889 (Sept. 24, 2012) (SR-NYSEArca-2012-101) (“Prior Notice,” and together with the Prior Order, the “Prior Release”).

<sup>5</sup> The Trust is registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1) (“1940 Act”). The Trust intends to file a prospectus supplement with the Commission or a post-effective amendment to its registration statement on Form N-1A under the Securities Act of 1933 (15 U.S.C. 77a) (“Securities Act”), and under the 1940 Act relating to the Fund (File Nos. 333-147622 and 811-22148) (“Registration Statement”) to reflect the changes requested in the proposed rule change upon effectiveness of the rule change. The description of the operation of the Trust and the Fund herein will be reflected in any such filing. In addition, the Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act. See Investment Company Act Release No. 28171 (Feb. 27, 2008) (File No. 812-13386) (“Exemptive Order”).

<sup>6</sup> The changes described herein will be effective contingent upon filing of a prospectus supplement or upon effectiveness of the Trust’s most recent post-effective amendment to its Registration Statement. See note 5, *supra*. The Adviser represents that the Adviser will not implement the changes described herein until the instant proposed rule change is operative.

Release and will remain subject to the allocation limitations identified in the Prior Release.

Except for the changes noted above, all other facts presented and representations made in the Prior Release are unchanged.

The Fund will continue to comply with all initial and continued listing requirements under NYSE Arca Equities Rule 8.600.

All terms referenced but not defined herein are defined in the Prior Release.

## 2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)<sup>7</sup> that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices. The proposed changes to the representations contained in the Prior Release are limited in scope. The Adviser is changing the representation in the Prior Release that the Fund will employ a quantitative, rules-based strategy designed to provide returns that correspond to the performance of the Benchmark, to a representation that the Fund will use a quantitative, rules-based strategy that is designed to outperform the Benchmark rather than seek returns comparable to it.

The Adviser represents that there is no change to the Fund's investment objective or to the securities and financial instruments identified in the Prior Release that the Fund utilizes in seeking to achieve its investment objective. The Fund's use of such securities and financial instruments will remain subject to the applicable allocation limitations identified in the Prior Release. The Fund will continue to comply with all initial and continued listing requirements under NYSE Arca Equities Rule 8.600.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that the Adviser represents that there is no change to the Fund's investment objective. The Adviser represents that the allocation of the Fund's portfolio will remain consistent with the allocation limitations discussed in the Prior

Release, and that the Fund may invest in the same instruments as are contained in the Benchmark, as discussed in the Prior Release. However, the Adviser now represents that the Fund will use portfolio management strategies in seeking to achieve its investment objective that allocate the Fund's assets in a manner that may not correspond to the Benchmark. The Adviser also now represents that, going forward, the Fund will seek to outperform the Benchmark rather than match it.

As noted above, the Prior Release stated that, according to the Registration Statement, the Fund may invest a portion of its assets in high-quality money market instruments, cash, and cash equivalents to provide liquidity, to collateralize its futures contracts investments, or to track the Benchmark during times when the Benchmark moves its entire allocation to cash. The Exchange also proposes to change this representation to state that the Fund may invest a portion of its assets in high-quality money market instruments, cash, and cash equivalents to provide liquidity, to collateralize its futures contracts investments, or during periods of heightened volatility when the Adviser believes that it is in the best interest of the Fund to do so.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that the Fund will continue to comply with all initial and continued listing requirements under NYSE Arca Equities Rule 8.600. The proposed rule change will permit the Fund to operate in a manner similar to other issues of Managed Fund Shares that seek to outperform an index and will permit continued listing on the Exchange of the Fund after it begins to utilize the quantitative, rules-based strategy designed to outperform the Benchmark, which will enhance competition among issues of Managed Fund Shares currently trading on the Exchange. Except for the changes noted above, all other representations made in the Prior Release are unchanged.

### *B. Self-Regulatory Organization's Statement on Burden on Competition*

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed change will permit the Fund to operate in a manner similar to other issues of Managed Fund Shares that seek to outperform an index and will permit continued listing on the

Exchange of the Fund after it begins to utilize the quantitative, rules-based strategy designed to outperform the Benchmark, which will enhance competition among issues of Managed Fund Shares.

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

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

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

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, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>8</sup> and Rule 19b-4(f)(6) thereunder.<sup>9</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings 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

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 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.

<sup>7</sup> 15 U.S.C. 78f(b)(5).

• Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEArca-2016-20 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-NYSEArca-2016-20. 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 Number SR-NYSEArca-2016-20 and should be submitted on or before February 24, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

**Robert W. Errett,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-76993; File No. SR-CBOE-2016-004]

### Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the Options Regulatory Fee

January 28, 2016.

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> notice is hereby given that on January 14, 2016, Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") filed with the Securities and Exchange Commission (the "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

Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") proposes to amend the Options Regulatory Fee. The text of the proposed rule change is available on the Exchange's Web site (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange's Office of the Secretary, 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 aspects 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 increase the Options Regulatory Fee ("ORF") from \$.0064 to \$.0081 per contract in order to help ensure that revenue collected from the ORF, in combination with other regulatory fees and fines, meets the Exchange's total regulatory costs. The proposed fee change would be operative on February 1, 2016.

The ORF is assessed by the Exchange to each Trading Permit Holder for all options transactions executed or cleared by the Trading Permit Holder that are cleared by The Options Clearing Corporation ("OCC") in the customer range (*i.e.*, transactions that clear in a customer account at OCC) regardless of the exchange on which the transaction occurs.<sup>3</sup> In other words, the Exchange imposes the ORF on all customer-range transactions executed by a Trading Permit Holder, even if the transactions do not take place on the Exchange. The ORF also is charged for transactions that are not executed by a Trading Permit Holder but are ultimately cleared by a Trading Permit Holder. In the case where a Trading Permit Holder executes a transaction and a different Trading Permit Holder clears the transaction, the ORF is assessed to the Trading Permit Holder who executed the transaction. In the case where a non-Trading Permit Holder executes a transaction and a Trading Permit Holder clears the transaction, the ORF is assessed to the Trading Permit Holder who clears the transaction. The ORF is collected indirectly from Trading Permit Holders through their clearing firms by OCC on behalf of the Exchange.

The ORF is designed to recover a material portion of the costs to the Exchange of the supervision and regulation of Trading Permit Holder customer options business, including performing routine surveillances, investigations, examinations, financial monitoring, as well as policy, rulemaking, interpretive and enforcement activities. The Exchange believes that revenue generated from the ORF, when combined with all of the Exchange's other regulatory fees and fines, will cover a material portion, but not all, of the Exchange's regulatory costs. The Exchange notes that its regulatory responsibilities with respect to Trading Permit Holder compliance

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

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

<sup>3</sup> The ORF also applies to customer-range transactions executed during Extended Trading Hours.

<sup>10</sup> 17 CFR 200.30-3(a)(12).