

an affidavit or, for lawyers, a certificate of service. Pursuant to rule 0–5 under the Act, hearing requests should state the nature of the writer's interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Commission's Secretary.

ADDRESSES: Secretary, U.S. Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090. Applicants: One Commerce Square, 2005 Market Street, Philadelphia, PA 19103.

FOR FURTHER INFORMATION CONTACT: Jessica Shin, Attorney-Adviser, at (202) 551–5921, or David J. Marcinkus, Branch Chief, at (202) 551–6821 (Division of Investment Management, Chief Counsel's Office).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained via the Commission's Web site by searching for the file number, or for an applicant using the Company name box, at <http://www.sec.gov/search/search.htm> or by calling (202) 551–8090.

Summary of the Application

1. The Adviser will serve as the investment adviser to the Subadvised Series pursuant to an investment advisory agreement with the relevant Trust (each an "Investment Management Agreement").² The Adviser will provide the Funds with continuous and comprehensive investment management services subject to the supervision of, and policies established by, the board of trustees of the Trust ("Board"). The Investment Management Agreement permits the Adviser, subject to the approval of the Board, to delegate to one or more sub-advisers (each, a "Sub-Adviser" and collectively, the "Sub-Advisers") the responsibility to provide the day-to-day portfolio investment management of each Subadvised Series, subject to the supervision and direction

² Applicants request relief with respect to the named Applicants, as well as to any future series of the Trust and any other existing or future registered open-end management investment company or series thereof that: (a) Is advised by the Initial Adviser or any entity controlling, controlled by, or under common control with, the Initial Adviser or its successors (each, also an "Adviser"); (b) uses the multi-manager structure described in the application; and (c) complies with the terms and conditions set forth in the application (each, a "Subadvised Series"). For purposes of the requested order, "successor" is limited to an entity that results from a reorganization into another jurisdiction or a change in the type of business organization.

of the Adviser.³ The primary responsibility for managing each Subadvised Series will remain vested in the Adviser. The Adviser will hire, evaluate, allocate assets to and oversee the Sub-Advisers, including determining whether a Sub-Adviser should be terminated, at all times subject to the authority of the Board.

2. Applicants request an exemption to permit the Adviser, subject to Board approval, to hire certain Sub-Advisers, pursuant to Sub-Advisory Agreements and materially amend existing Sub-Advisory Agreements without obtaining the shareholder approval required under section 15(a) of the Act and rule 18f-2 under the Act.⁴ Applicants also seek an exemption from the Disclosure Requirements to permit a Subadvised Series to disclose (as both a dollar amount and a percentage of the Subadvised Series' net assets): (a) The aggregate fees paid to the Adviser and any Wholly-Owned Sub-Adviser; (b) the aggregate fees paid to Non-Affiliated Sub-Advisers; and (c) the fee paid to each Affiliated Sub-Adviser (collectively, "Aggregate Fee Disclosure").

3. Applicants agree that any order granting the requested relief will be subject to the terms and conditions stated in the Application. Such terms and conditions provide for, among other safeguards, appropriate disclosure to Subadvised Series shareholders and notification about sub-advisory changes and enhanced Board oversight to protect the interests of the Subadvised Series' shareholders.

4. Section 6(c) of the Act provides that the Commission may exempt any person, security, or transaction or any class or classes of persons, securities, or transactions from any provisions of the Act, or any rule thereunder, if such relief is necessary or appropriate in the public interest and consistent with the

³ A "Sub-Adviser" for a Subadvised Series is (1) an indirect or direct "wholly owned subsidiary" (as such term is defined in the Act) of the Adviser for that Subadvised Series, or (2) a sister company of the Adviser for that Subadvised Series that is an indirect or direct "wholly-owned subsidiary" of the same company that, indirectly or directly, wholly owns the Adviser (each of (1) and (2) a "Wholly-Owned Sub-Adviser" and collectively, the "Wholly-Owned Sub-Advisers"), or (3) not an "affiliated person" (as such term is defined in section 2(a)(3) of the Act) of the Subadvised Series, except to the extent that an affiliation arises solely because the Sub-Adviser serves as a sub-adviser to a Subadvised Series ("Non-Affiliated Sub-Advisers").

⁴ The requested relief will not extend to any sub-adviser, other than a Wholly-Owned Sub-Adviser, who is an affiliated person, as defined in Section 2(a)(3) of the Act, of the Subadvised Series, the Trust or of the Adviser, other than by reason of serving as a sub-adviser to one or more of the Subadvised Series ("Affiliated Sub-Adviser").

protection of investors and purposes fairly intended by the policy and provisions of the Act. Applicants believe that the requested relief meets this standard because, as further explained in the application, the Investment Management Agreements will remain subject to shareholder approval, while the role of the Sub-Advisers is substantially similar to that of individual portfolio managers, so that requiring shareholder approval of Sub-Advisory Agreements would impose unnecessary delays and expenses on the Subadvised Series. Applicants believe that the requested relief from the Disclosure Requirements meets this standard because it will improve the Adviser's ability to negotiate fees paid to the Sub-Advisers that are more advantageous for the Subadvised Series.

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

Robert W. Errett,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79591; File Nos. SR–CBOE–2016–076; SR–C2–2016–022]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; C2 Options Exchange, Incorporated; Order Approving a Proposed Rule Change in Connection With a Proposed Corporate Transaction Involving CBOE Holdings, Inc. and Bats Global Markets, Inc.

December 19, 2016.

I. Introduction

On November 4, 2016, Chicago Board Options Exchange, Incorporated ("CBOE") and C2 Options Exchange, Incorporated ("C2" and, together with CBOE, the "CBOE Exchanges") each filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 ("Act"),² and Rule 19b–4 thereunder,³ proposed rule changes in connection with the proposed corporate transaction (the "Transaction"), as described in more detail below, involving their ultimate parent company, CBOE Holdings, Inc. ("CBOE Holdings"), two wholly owned subsidiaries of CBOE Holdings, CBOE Corporation and CBOE V, LLC ("CBOE

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b–4.

V”), and Bats Global Markets, Inc. (“BGM”). BGM is the ultimate parent company of Bats BZX Exchange, Inc. (“Bats BZX”), Bats BYX Exchange, Inc. (“Bats BYX”), Bats EDGX Exchange, Inc. (“Bats EDGX”), and Bats EDGA Exchange, Inc. (“Bats EDGA” and, together with Bats BZX, Bats BYX, and Bats EDGX, the “Bats Exchanges”). Upon completion of the Transaction (the “Closing”), CBOE Holdings will become the ultimate parent of the Bats Exchanges. The proposed rule changes were published for comment in the **Federal Register** on November 15, 2016.⁴ The Commission received no comments on the proposals.

II. Description of the Proposed Rule Changes

A. Corporate Structure

1. Current Structure

The CBOE Exchanges are each Delaware corporations that are national securities exchanges registered with the Commission pursuant to Section 6(a) of the Act.⁵ The CBOE Exchanges are each direct, wholly owned subsidiaries of CBOE Holdings, a publicly traded Delaware corporation. CBOE V is a Delaware limited liability company and a direct, wholly owned subsidiary of CBOE Holdings, which currently has no material assets and conducts no operations.

Each Bats Exchange is a Delaware corporation that is a national securities exchange registered with the Commission pursuant to Section 6(a) of the Act.⁶ BGM is a publicly traded Delaware corporation and the ultimate parent of the Bats Exchanges.

2. The Transaction

On September 25, 2016, CBOE Holdings, CBOE Corporation, CBOE V, and BGM entered into an Agreement and Plan of Merger, as it may be amended from time to time (the “Merger Agreement”).⁷ Pursuant to and subject to the terms of the Merger Agreement, each share of BGM common stock (whether voting or non-voting) issued and outstanding (other than shares owned by CBOE Holdings, BGM, or any of their respective subsidiaries, and certain shares held by BGM stockholders that are entitled to and properly demand appraisal rights) will be converted into the right to receive a particular number of shares of CBOE

Holdings common stock, an amount of cash, or a combination of both, at the election of the holder of such share of BGM common stock.⁸ BGM will ultimately merge with and into CBOE Holdings’ wholly owned subsidiary CBOE V, at which time the separate existence of BGM will cease and CBOE V will be the surviving company.⁹

As a result of the Transaction, CBOE Holdings will be the ultimate parent of the Bats Exchanges, each of which will continue to operate separately.¹⁰ CBOE Holdings will continue to be a publicly owned company and the ultimate parent of the CBOE Exchanges, each of which will continue to operate separately.

B. Proposed Rule Change

Section 19(b) of the Act¹¹ and Rule 19b-4¹² thereunder require a self-regulatory organization (“SRO”) to file proposed rule changes with the Commission. Although CBOE Holdings is not an SRO, certain provisions of its certificate of incorporation and bylaws, along with other corporate documents, are rules of the CBOE Exchanges, as defined in Rule 19b-4 under the Act, and must be filed with the Commission pursuant to Section 19(b) of the Act and Rule 19b-4 thereunder. Accordingly, each of the CBOE Exchanges filed with the Commission to seek approval of a provision in the Merger Agreement regarding the composition of the CBOE Holdings Board upon Closing.

The CBOE Exchanges represented that in connection with the Transaction, CBOE Holdings agreed in the Merger Agreement to take all requisite actions so, as of the Closing, the CBOE Holdings Board will include three individuals designated by BGM who (1) are serving as BGM directors immediately prior to the Closing and (2) comply with the policies (including clarifications of the policies provided to BGM) of the Nominating and Governance Committee of the CBOE Holdings Board as in effect on the date of the Merger Agreement and previously provided to BGM (each of whom will be appointed to the CBOE Holdings Board as of the Closing).¹³ The

CBOE Holdings Board currently consists of 14 directors.¹⁴ The CBOE Exchanges expect three current CBOE Holdings directors to resign prior to the Closing, at which point the CBOE Holdings Board will fill those vacancies by appointing the three individuals designated by BGM that have complied with the policies of the Nominating and Governance Committee of the CBOE Holdings Board.¹⁵

III. Discussion and Commission Findings

The Commission has reviewed carefully the proposed rule changes and finds that the proposed rule changes are consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.¹⁶ In particular, the Commission finds that the proposed rule changes are consistent with Sections 6(b)(1) and (3) of the Act,¹⁷ which, among other things, require a national securities exchange to be so organized and have the capacity to be able to carry out the purposes of the Act, and to enforce compliance by its members and persons associated with its members with the provisions of the Act, the rules and regulations thereunder, and the rules of the exchange, and assure the fair representation of its members in the selection of its directors and administration of its affairs, and provide that one or more directors shall be representative of issuers and investors and not be associated with a member of the exchange, broker, or dealer. The CBOE Exchanges represented that the proposal is consistent with CBOE Holdings’ governing documents previously filed with the Commission and noted that they are not proposing any changes to existing rules or governing documents of CBOE Holdings or the CBOE Exchanges.¹⁸ The CBOE Exchanges’ proposed rule changes are limited to the provision in the Merger Agreement regarding the ability of BGM to designate three directors to the CBOE Holdings Board one time in connection with Closing. The Nominating and Governance Committee of the CBOE Holdings Board, consistent with the governing documents of CBOE

¹⁴ See *id.*

¹⁵ See *id.*

¹⁶ In approving the proposed rule changes, the Commission has considered their impact on efficiency, competition and capital formation. See 15 U.S.C. 78c(f).

¹⁷ 15 U.S.C. 78f(b)(1) and (b)(3).

¹⁸ See Notices, *supra* note 4, at 80158 n.10 and accompanying text and 80133 n. 10 and accompanying text. See also *id.* at 80157–58 and 80132–33.

⁸ See *id.* at 80158 and 80133.

⁹ See *id.*

¹⁰ See *id.*; see also Securities Exchange Act Release Nos. 79266 (November 8, 2016), 81 FR 80101 (November 15, 2016) (SR–BatsBZX–2016–68); 79269 (November 8, 2016), 81 FR 80093 (November 15, 2016) (SR–BatsBYX–2016–29); 79265 (November 8, 2016), 81 FR 80146 (November 15, 2016) (SR–BatsEDGA–2016–24) and 79264 (November 8, 2016), 81 FR 80114 (November 15, 2016) (SR–BatsEDGX–2016–60) (notice of filing of proposed rule changes related to a corporate transaction involving BGM and CBOE Holdings).

¹¹ 15 U.S.C. 78s(b).

¹² 17 CFR 240.19b-4.

¹³ See Notices, *supra* note 4, at 80158 and 80133.

⁴ See Securities Exchange Act Release Nos. 79268 (November 8, 2016), 81 FR 80157 (SR–CBOE–2016–076); and 79267 (November 8, 2016), 81 FR 80132 (SR–C2–2016–022) (“Notices”).

⁵ 15 U.S.C. 78f(a).

⁶ *Id.*

⁷ See Notices, *supra* note 4, at 80157 and 80132.

Holdings, must follow its policies in determining whether to recommend those candidates for election as directors to the Board. Accordingly, BGM's ability to recommend specific candidates is subject to CBOE Holdings' governance process and procedures.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act¹⁹ that the proposed rule changes (SR-CBOE-2016-076 and SR-C2-2016-022), be, and hereby are, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁰

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2016-30939 Filed 12-22-16; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-79597; File No. SR-NYSEArca-2016-165]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending the NYSE Arca Equities Schedule of Fees and Charges for Exchange Services

December 19, 2016.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the "Act")² and Rule 19b-4 thereunder,³ notice is hereby given that, on December 13, 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, II, and III 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 to amend the NYSE Arca Equities Schedule of Fees and Charges for Exchange Services ("Fee Schedule"). The Exchange proposes to implement the fee change effective December 13, 2016.⁴ The

proposed change is available on the Exchange's Web site at 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 Exchange proposes to amend the Fee Schedule to amend the volume criteria for the Exchange's tiered-rebate structure applicable to Lead Market Makers ("LMMs")⁵ and to ETP Holders and Market Makers affiliated with the LMM that provide liquidity in Tape B securities to the NYSE Arca Book. The Exchange proposes to implement the fee change effective December 13, 2016.

The Exchange currently provides tier-based incremental credits for orders that provide displayed liquidity to the NYSE Arca Book in Tape B Securities.⁶ Specifically, LMMs that are registered as the LMM in Tape B securities that have a consolidated average daily volume ("CADV") in the previous month of less than 100,000 shares ("Less Active ETP Securities"), and the ETP Holders and Market Makers affiliated with such LMMs, currently receive an incremental credit for orders that provide displayed liquidity to the Book in any Tape B Securities that trade on the Exchange.⁷ The current incremental credits and volume thresholds are as follows:

2016-162) and withdrew such filing on December 13, 2016.

⁵ The term "Lead Market Maker" is defined in Rule 1.1(ccc) to mean a registered Market Maker that is the exclusive Designated Market Maker in listings for which the Exchange is the primary market.

⁶ See Securities Exchange Act Release No. 76084 (October 6, 2015), 80 FR 61529 (October 13, 2015) (SR-NYSEArca-2015-87).

⁷ The Exchange defines "affiliate" to "mean any ETP Holder under 75% common ownership or control of that ETP Holder." See Fee Schedule, NYSE Arca Marketplace: General, Section II(c).

- An additional credit of \$0.0004 per share if an LMM is registered as the LMM in at least 300 Less Active ETP Securities

- An additional credit of \$0.0003 per share if an LMM is registered as the LMM in at least 200 but less than 300 Less Active ETP Securities

- An additional credit of \$0.0002 per share if an LMM is registered as the LMM in at least 100 but less than 200 Less Active ETP Securities

The number of Less Active ETP Securities for the billing month is based on the number of Less Active ETP Securities in which an LMM is registered as the LMM on the last business day of the previous month.

The Exchange proposes to amend the volume criteria for Less Active ETP Securities. As proposed, a Less Active ETP Security would be a Tape B Security that has a CADV in the previous month of less than 100,000 shares, or 0.0070% of Consolidated Tape B ADV, whichever is greater. The Exchange is proposing to expand the manner by which LMMs that are registered as the LMM in Tape B Securities, and the ETP Holders and Market Makers affiliated with such LMMs, would qualify for the incremental credit.

The Exchange is not proposing any change to the level of the incremental credits and volume thresholds noted above that are payable to LMMs and to ETP Holders and Market Makers affiliated with the LMM.

The Exchange is proposing to amend the current criteria for securities to qualify as Less Active ETP Securities by expanding it to the greater of a numerical threshold or a percentage threshold based upon the average daily traded volume of the relevant security, for several reasons. The percentage threshold will adjust each calendar month based on the U.S. average daily consolidated share volume in Tape B Securities for that month, while the numerical threshold remains unchanged from month to month, thereby providing a consistent floor against which to measure volume in a Tape B Security. The Exchange believes that the proposed approach will provide a straightforward way to float volume tiers, while maintaining a minimum threshold. The Exchange notes that the combined approach will allow tiers to move in sync with consolidated volume during months with high volumes while maintaining a numerical threshold. The Exchange believes that this will continue to provide an incentive for LMMs to act as an LMM for less active issues during months with higher market volumes when the 100,000 share

¹⁹ 15 U.S.C. 78s(b)(2).

²⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

⁴ The Exchange originally filed to amend the Fee Schedule on December 2, 2016 (SR-NYSEArca-