As noted above, however, the Contributor did not disclose the Contribution to the Applicants and the Applicants had no knowledge of the Contribution when the Contributor received approval for the May 31, 2012 contribution for the recall general election.

Applicant's Legal Analysis

1. Rule 206(4)–5(a)(1) under the Advisers Act prohibits a registered investment adviser from providing investment advisory services for compensation to a government entity within two years after a contribution to an official of the government entity is made by the investment adviser or any covered associate of the investment adviser. Each Client is a ''government entity,'' as defined in rule 206(4)–5(f)(5), the Contributor is a ''covered associate'' as defined in rule 206(4)–5(f)(2), and the Official is an ''official'' as defined in rule 206(4)–5(f)(6). Rule 206(4)–5(c) provides that when a government entity invests in a covered investment pool, the investment adviser to that covered investment pool is treated as providing advisory services directly to the government entity. The RICs and the Funds are ''covered investment pools,'' as defined in rule 206(4)–5(f)(3).

2. Section 206A of the Advisers Act grants the Commission the authority to ''conditionally or unconditionally exempt any person or transaction . . . from any provision or provisions of [the Advisers Act] or of any rule or regulation thereunder, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of [the Advisers Act].''

3. Rule 206(4)–5(e) provides that the Commission may exempt an investment adviser from the prohibition under Rule 206(4)–5(a)(1) upon consideration of the factors listed below, among others:

(1) Whether the exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Advisers Act;

(2) Whether the investment adviser: (i) Before the contribution resulting in the prohibition was made, adopted and implemented policies and procedures reasonably designed to prevent violations of the rule; and (ii) prior to or at the time the contribution which resulted in such prohibition was made, had no actual knowledge of the contribution; and (iii) after learning of the contribution: (A) Has taken all available steps to cause the contributor involved in making the contribution which resulted in such prohibition to obtain a return of the contribution; and (B) has taken such other remedial or preventive measures as may be appropriate under the circumstances;

(3) Whether, at the time of the contribution, the contributor was a covered associate or otherwise an employee of the investment adviser, or was seeking such employment;

(4) The timing and amount of the contribution which resulted in the prohibition;

(5) The nature of the election (*e.g.*, federal, state or local); and

(6) The contributor's apparent intent or motive in making the contribution which resulted in the prohibition, as evidenced by the facts and circumstances surrounding such contribution.

4. The Applicants request an order pursuant to section 206A and rule 206(4)–5(e), exempting them from the two-year prohibition on compensation imposed by rule 206(4)–5(a)(1) with respect to investment advisory services provided to the Clients within the two-year period following the Contribution.

5. The Applicants submit that the exemption is necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. The Applicants further submit that the other factors set forth in Rule 206(4)–5 similarly weigh in favor of granting an exemption to the Applicants to avoid consequences disproportionate to the violation. The Applicants note that causing the Advisers to serve without compensation for a two-year period could result in a financial loss that is approximately 24,000 times the amount of the Contribution.

6. The Applicants represent that neither the Advisers nor the Contributor sought to interfere with the Clients' merit-based selection process for advisory services, nor did they seek to negotiate higher fees or greater ancillary benefits than would be achieved in arms'-length transactions. The Applicants note that the Advisers' relationship with the Clients pre-date the Contribution, and that one Client divested its investment in the Fund shortly after the Contribution. The Applicants represent that they have no reason to believe that the Contribution undermined the integrity of the market for advisory services or resulted in a violation of the public trust in the process for awarding contracts.

7. The Applicants note that the Advisers adopted and implemented pay-to-play policies and procedures on the Rule's effective date, March 14, 2011 that are fully compliant with the Rule's requirements. The Applicants further note that the Advisers began developing compliance testing that includes random searches of public campaign databases for contributions by employees. The Applicants represent that at no time did any employees of the Advisers other than the Contributor have any actual knowledge that the Contribution had been made prior to its discovery by the Advisers in March 2014. The Applicants further represent that the Advisers and the Contributor obtained the Official's agreement to return the Contribution, which was subsequently returned, and the Advisers established an escrow account for all fees attributable to the Clients' relationships with the Advisers accrued between February 5, 2012 and February 26, 2014.

8. The Applicants state that the Contributor's apparent intent in making the Contribution was not to influence the selection or retention of the Advisers, and that the Contribution was consistent with prior political donations made by the Contributor in support of other candidates who share the political views of the Official.

9. The Applicants represent that the Contributor has had no direct contact or involvement with any of the Clients, and that the Contributor's only indirect involvement with one of the Clients was through a single meeting at which a research analyst who reported to the Contributor met with the Client.

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

Brent J. Fields,

Secretary.

[FR Doc. 2015–06110 Filed 3–17–15; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–74484; File No. SR–BATS–2015–20]

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.

March 12, 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 March 2, 2015, BATS Exchange, Inc. (the

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

[2] 17 CFR 240.19b–4.

''Exchange'' or ''BATS'') 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 Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act [3] and Rule 19b–4(f)(2) thereunder,[4] which renders the proposed rule change effective upon filing with the Commission. 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 filed a proposal to amend the fee schedule applicable to Members [5] and non-members of the Exchange pursuant to BATS Rules 15.1(a) and (c). Changes to the fee schedule pursuant to this proposal are effective upon filing.

The text of the proposed rule change is available at the Exchange's Web site at *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 modify the ''Options Pricing'' section of its fee schedule effective immediately, in order to modify pricing charged by the Exchange's options platform (''BATS Options'') including adjusting the rebates associated with Customer Penny Pilot Add Volume Tier 1 and Professional and Firm Penny Pilot Add Volume Tiers 1 and 2, as further described below.

The Exchange proposes to adjust the rebate for Customer [6] orders in Penny Pilot Securities [7] that add liquidity and meet Customer Add Volume Tier 1 from $0.45 per contract to $0.40 per contract. Currently, the Exchange offers a $0.45 rebate for Customer orders that add liquidity and meet Customer Add Volume Tier 1, which requires that the Member has an ADV [8] equal to or greater than 0.05% of average TCV.[9] The Exchange notes that such change will be reflected in both the Standard Rates table and the Customer Penny Pilot Add Tiers under footnote 1 of the fee schedule.

The Exchange also proposes to adjust the rebate for Professional [10] and Firm [11] orders in Penny Pilot Securities that add liquidity and meet Professional/Firm Step-up Add Volume Tier 1 and Tier 2 from $0.44 per contract to $0.42 per contract. The Exchange currently offers a $0.44 rebate for Professional and Firm orders that add liquidity and meet Professional/Firm Step-Up Add Volume Tier 1 or Tier 2. Meeting Professional/Firm Step-up Add Volume Tier 1 requires that a Member has an Options Step-up Add TCV [12] from June 2014 baseline that is equal to or greater than 0.50%. Meeting Professional/Firm Step-up Add Volume Tier 2 requires that a Member has an Options Step-up Add TCV from September 2014 baseline equal to or greater than 0.30% and an ADV equal to or greater than 0.40% of average TCV. The Exchange is not proposing to amend the requirements for meeting Professional/Firm Step-up Add Volume Tier 1 or Tier 2. The Exchange notes that such changes will be reflected in both the Standard Rates table and the Professional and Firm Penny Pilot Add Volume Tiers under footnote 2 of the fee schedule.

The Exchange proposes to implement the amendments to its fee schedule effective immediately.

2. Statutory Basis

The Exchange believes that the proposed rule change 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 of the Act.[13] Specifically, the Exchange believes that the proposed rule change is consistent with Section 6(b)(4) of the Act,[14] in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and other persons using any facility or system which the Exchange operates or controls. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels to be excessive.

Volume-based rebates and fees such as the ones currently maintained on BATS Options have been widely adopted by equities and options exchanges and are equitable because they are open to all Members on an equal basis and provide additional benefits or discounts that are reasonably related to the value to an exchange's market quality associated with higher levels of market activity, such as higher levels of liquidity provision and/or growth patterns, and introduction of higher volumes of orders into the price and volume discovery processes. The Exchange believes the proposed reduction of the rebate for orders that add liquidity for Customers that meet Customer Add Volume Tier 1 is a reasonable, fair and equitable, and not unfairly discriminatory allocation of fees and rebates because it will provide Members with a greater incentive to increase their participation on BATS Options in order to receive a higher rebate by meeting a higher Customer Add Volume Tier. Currently, the difference between the rebate received for orders that qualify for Customer Add Volume Tier 1 and those that qualify for Customer Add Volume Tier 2 is only $0.03 per contract, but as proposed, the difference would be $0.08 per contract.

[3] 15 U.S.C. 78s(b)(3)(A)(ii).

[4] 17 CFR 240.19b–4(f)(2).

[5] The term ''Member'' is defined as ''any registered broker or dealer that has been admitted to membership in the Exchange.'' *See* Exchange Rule 1.5(n).

[6] ''Customer'' applies to any transaction identified by a Member for clearing in the Customer range at the Options Clearing Corporation (''OCC''), excluding any transaction for a ''Professional'' as defined in Exchange Rule 16.1.

[7] ''Penny Pilot Securities'' are those issues quoted pursuant to Exchange Rule 21.5, Interpretation and Policy .01.

[8] ''ADV'' means average daily volume calculated as the number of contracts added or removed, combined, per day.

[9] ''TCV'' means total consolidated volume calculated as the volume reported by all exchanges to the consolidated transaction reporting plan for the month for which the fees apply, excluding volume on any day that the Exchange experiences an Exchange System Disruption and on any day with a scheduled early market close.

[10] ''Professional'' applies to any transaction identified by a Member as such pursuant to Exchange Rule 16.1.

[11] ''Firm'' applies to any transaction identified by a Member for clearing in the Firm range at the OCC.

[12] ''Options Step-up Add TCV'' means ADAV as a percentage of TCV in the relevant baseline month subtracted from current ADAV as a percentage of TCV.

[13] 15 U.S.C. 78f.

[14] 15 U.S.C. 78f(b)(4).

As such, the Exchange believes that increasing the difference in the rebates between the tiers will act to incentivize Members to increase their ADV as a percentage of TCV to 0.30% in order to qualify for Customer Add Volume Tier 2 and receive a rebate of $0.48 per contract. Such increased participation on BATS Options will result in higher levels of liquidity provision and introduction of higher volumes of orders into the price and volume discovery processes, which will benefit all participants on BATS Options.

The Exchange also believes that the proposed reduction of the rebates for Professional/Firm Step-up Add Volume Tier 1 and Tier 2 is a reasonable, fair and equitable, and not unfairly discriminatory allocation of fees and rebates because, as stated above, the Exchange's tiered pricing structure is designed such that fees and rebates are related to the value of market quality associated with higher levels of market activity, such as higher levels of liquidity provision and/or growth patterns, and introduction of higher volumes of orders into the price and volume discovery processes. As such, the Exchange believes that it is reasonable, fair, and equitable to lower the rebates associated with Professional/Firm Step-up Add Volume Tier 1 and Tier 2. In this same light, the Exchange notes that the proposed amendments would bring the rebate for Professional/Firm Step-up Add Volume Tier 1 and Tier 2 in line with that of the Market Maker Add Volume Tier. The Exchange also notes that Professional and Firm orders can continue to receive further enhanced rebates through the NBBO Setter Tiers and that any order that qualifies for either Professional/Firm Step-Up Add Volume Tier 1 or Tier 2 will also qualify for NBBO Setter Tier 1 where the order sets the national best bid or offer.

The Exchange reiterates that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels to be excessive.

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. With respect to the proposed new rebates in Customer Add Volume Tier 1 and Professional/Firm Step-Up Tier 1 and Tier 2, the Exchange does not believe that any such changes burden competition, but instead, that they enhance competition, as they are intended to increase the competitiveness of and draw additional volume to BATS Options. As stated above, the Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if the deem fee structures to be unreasonable or excessive.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any written comments from members or other interested parties.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act [15] and paragraph (f) of Rule 19b–4 thereunder.[16] 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 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–BATS–2015–20 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 Number SR–BATS–2015–20. 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 the filing also will 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–BATS–2015–20 and should be submitted on or before April 8, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[17]

Brent J. Fields,

Secretary.

[FR Doc. 2015–06124 Filed 3–17–15; 8:45 am]

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[15] 15 U.S.C. 78s(b)(3)(A).

[16] 17 CFR 240.19b–4(f).

[17] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–74487; File No. SR–CHX–2015–02]

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Concerning the CHX Routing Services

March 12, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 [2] thereunder, notice is hereby given that on March 4, 2015, the Chicago Stock Exchange, Inc. (''CHX'' or the ''Exchange'') 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

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

[2] 17 CFR 240.19b–4.