it will align the Exchange's rules with the rules of other markets, including CBOE, NYSE Arca, and Phlx. By adopting proposed Rule 720A, the Exchange will be in a position to treat transactions that are a result of a verifiable systems issue or malfunction in a manner similar to other exchanges.

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

Because the foregoing proposed rule change does not significantly affect the protection of investors or the public interest, does not impose any significant burden on competition, and, by its terms, does not 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 [10] and Rule 19b–4(f)(6) thereunder.[11] The Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing the proposed rule change as required by Rule 19b–4(f)(6).

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

[10] 15 U.S.C. 78s(b)(3)(A).

[11] 17 CFR 240.19b–4(f)(6).

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–ISEGemini–2014–18 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–ISEGemini–2014–18. 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–ISEGemini–2014–18 and should be submitted on or before July 24, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[12]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014–15605 Filed 7–2–14; 8:45 am]

BILLING CODE 8011–01–P

[12] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–72493; File No. SR–NASDAQ–2014–063]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing of Proposed Rule Change, as Modified by Amendment No. 1, Relating to the Listing and Trading of the Shares of the Arrow DWA Balanced ETF, Arrow DWA Tactical ETF and Arrow DWA Tactical Yield ETF of Arrow Investments Trust

June 27, 2014.

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 June 23, 2014, The NASDAQ Stock Market LLC (''Nasdaq'' or the ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in in Items I and II below, which Items have been prepared by Nasdaq. On June 26, 2014, the Exchange filed Amendment No. 1 to the proposed rule change.[3] The Commission is publishing this notice to solicit comments on the proposed rule change, as modified by Amendment No. 1, from interested persons.

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

Nasdaq proposes to list and trade the shares of the Arrow DWA Balanced ETF, Arrow DWA Tactical ETF and Arrow DWA Tactical Yield ETF (each a ''Fund'' and, collectively, the ''Funds'') of Arrow Investments Trust (the ''Trust'') under Nasdaq Rule 5735 (''Managed Fund Shares'').[4] The shares

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

[2] 17 CFR 240.19b–4.

[3] In Amendment No. 1, the Exchange clarifies that the Arrow Investments Trust will issue and sell shares of the Arrow DWA Balanced ETF, Arrow DWA Tactical ETF and Arrow DWA Tactical Yield ETF only in aggregations of 100,000 shares.

[4] The Commission approved Nasdaq Rule 5735 in Securities Exchange Act Release No. 57962 (June 13, 2008), 73 FR 35175 (June 20, 2008) (SR–NASDAQ–2008–039). The Funds would not be the first actively-managed fund listed on the Exchange; *see* Securities Exchange Act Release No. 66489 (February 29, 2012), 77 FR 13379 (March 6, 2012) (SR–NASDAQ–2012–004) (order approving listing and trading of WisdomTree Emerging Markets Corporate Bond Fund). Additionally, the Commission has previously approved the listing and trading of a number of actively managed WisdomTree funds on NYSE Arca, Inc. pursuant to Rule 8.600 of that exchange. *See, e.g.,* Securities Exchange Act Release No. 64643 (June 10, 2011), 76 FR 35062 (June 15, 2011) (SR–NYSE Arca–2011–21) (order approving listing and trading of WisdomTree Global Real Return Fund). The Exchange believes the proposed rule change raises no significant issues not previously addressed in those prior Commission orders.

of the Fund [sic] are collectively referred to herein as the ''Shares.''

The text of the proposed rule change is available at *nasdaq.cchwallstreet.com,* at Nasdaq's principal office, 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, Nasdaq included statements concerning the purpose of, and basis for, the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. Nasdaq 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 list and trade the Shares of the Funds under Nasdaq Rule 5735, which governs the listing and trading of Managed Fund Shares [5] on the Exchange. The Funds will each be an actively managed exchange-traded fund (''ETF''). The Shares will be offered by the Trust, which was organized as a Delaware statutory trust on August 2, 2011. The Trust is registered with the Commission as an investment company and has filed a registration statement on Form N–1A (''Registration Statement'') with the Commission.[6] Each Fund is a series of the Trust.

Description of the Shares and the Funds

Arrow Investment Advisors, LLC is the investment adviser (''Adviser'') to the Funds. Northern Lights Distributors, LLC (the ''Distributor'') is the principal underwriter and distributor of each Fund's Shares.[7] Gemini Fund Services, LLC (''Administrator'') will act as the administrator and transfer agent to the Funds. Brown Brothers Harriman & Co. (''Custodian'') will act as the custodian and transfer agent to the Funds.

Paragraph (g) of Rule 5735 provides that if the investment adviser to the investment company issuing Managed Fund Shares is affiliated with a broker-dealer, such investment adviser shall erect a ''fire wall'' between the investment adviser and the broker-dealer with respect to access to information concerning the composition and/or changes to such investment company portfolio.[8] In addition, paragraph (g) further requires that personnel who make decisions on the open-end fund's portfolio composition must be subject to procedures designed to prevent the use and dissemination of material, non-public information regarding the open-end fund's portfolio. Rule 5735(g) is similar to Nasdaq Rule 5705(b)(5)(A)(i); however, paragraph (g) in connection with the establishment of a ''fire wall'' between the investment adviser and the broker-dealer reflects the applicable open-end fund's portfolio, not an underlying benchmark index, as is the case with index-based funds. The Adviser is not a broker-dealer. The Adviser is affiliated with a broker-dealer, although it is not the Funds' distributor. The Adviser has implemented a fire wall with respect to its broker-dealer affiliate regarding access to information concerning the composition and/or changes to the portfolio. In the event (a) the Adviser becomes newly affiliated with a broker-dealer or registers as a broker-dealer, or (b) any new adviser or sub-adviser is a registered broker-dealer or becomes affiliated with a broker-dealer, it will implement a fire wall with respect to its relevant personnel and/or such broker-dealer regarding access to information concerning the composition and/or changes to the portfolio and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio.

Arrow DWA Balanced ETF

The Fund's primary investment objective is to seek to achieve an appropriate balance between long-term capital appreciation and capital preservation.

In pursuing its investment objective, the Fund will invest in other ETFs [9] that each invest primarily in domestic and foreign (including emerging markets) (i) equity securities of any market capitalization, (ii) fixed income securities of any credit quality, or (iii) alternative assets. In addition, the Fund will invest in commodity futures through a wholly-owned and controlled Cayman subsidiary (the ''Balanced Subsidiary''). The Fund defines ''equity securities'' to be exchange-traded common and preferred stocks; and defines ''fixed income securities'' to be bonds, notes or debentures; and defines ''alternative assets'' to be investments that are historically uncorrelated to either equity or fixed income investments, which are commodity futures, exchange-traded master limited partnerships (''MLPs'') and real estate-related securities, which include foreign and domestic exchange-traded real estate investment trusts (''REITs'') or exchange-traded real estate operating companies (''REOCs''). The Fund's fixed income securities may be rated below investment grade (rated BB+ or lower by Standard & Poor's Ratings Services (''S&P'') or comparably rated by another nationally recognized statistical rating organization (''NRSRO''), also known as ''high yield'' or ''junk'' bonds, and in unrated debt securities determined by the Adviser to be of comparable quality.

The Fund is a ''fund of funds,'' which means that it primarily invests in ETFs; however, the Adviser may elect to invest directly in the types of securities

[5] A Managed Fund Share is a security that represents an interest in an investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a–1) (the ''1940 Act'') organized as an open-end investment company or similar entity that invests in a portfolio of securities selected by its investment adviser consistent with its investment objectives and policies. In contrast, an open-end investment company that issues Index Fund Shares, listed and traded on the Exchange under Nasdaq Rule 5705, seeks to provide investment results that correspond generally to the price and yield performance of a specific foreign or domestic stock index, fixed income securities index or combination thereof.

[6] *See* Post-Effective Amendment No. 7 to Registration Statement on Form N–1A for the Trust (File Nos. 333–178164 and 811–22638). The descriptions of the Funds and the Shares contained herein are based, in part, on information in the Registration Statement.

[7] The Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act (the ''Exemptive Order''). *See* Investment Company Act Release No. 30127 (July 3, 2012) (File No. 812–13937), as supplemented December 6, 2012.

[8] An investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 (the ''Advisers Act''). As a result, the Adviser, and its related personnel are subject to the provisions of Rule 204A–1 under the Advisers Act relating to codes of ethics. This rule requires investment advisers to adopt a code of ethics that reflects the fiduciary nature of the relationship to clients as well as compliance with other applicable securities laws. Accordingly, procedures designed to prevent the communication and misuse of non-public information by an investment adviser must be consistent with Rule 204A–1 under the Advisers Act. In addition, Rule 206(4)–7 under the Advisers Act makes it unlawful for an investment adviser to provide investment advice to clients unless such investment adviser has (i) adopted and implemented written policies and procedures reasonably designed to prevent violation, by the investment adviser and its supervised persons, of the Advisers Act and the Commission rules adopted thereunder; (ii) implemented, at a minimum, an annual review regarding the adequacy of the policies and procedures established pursuant to subparagraph (i) above and the effectiveness of their implementation; and (iii) designated an individual (who is a supervised person) responsible for administering the policies and procedures adopted under subparagraph (i) above.

[9] The ETFs in which the Fund may invest include Index Fund Shares and Portfolio Depositary Receipts (as described in Nasdaq Rule 5705(a) and (b)) and Managed Fund Shares (as described in Nasdaq Rule 5735).

described above. The Adviser may elect to make these direct investments when it is cost effective for the Fund to do so (such as when the Fund reaches a size sufficient to effectively purchase the underlying securities held by the ETFs in which it invests, allowing the Fund to avoid the costs associated with indirect investments). The Adviser uses technical analysis to allocate the Fund's portfolio among the asset classes described above.

Technical analysis is the method of evaluating securities by analyzing statistics generated by market activity, such as past prices and trading volume, in an effort to determine probable future prices.

Under normal market conditions,[10] the Fund will invest:

- From 25% to 65% in ETFs that invest in equity securities;
- from 25% to 65% in ETFs that invest in fixed income securities; and
- from 10% to 40% in ETFs that invest in alternative assets.

The Fund will have the ability to invest up to 25% of its total assets in the Balanced Subsidiary. The Balanced Subsidiary will invest primarily in commodity futures, as well as fixed income securities and cash equivalents, which are intended to serve as margin or collateral for the Balanced Subsidiary's investments in commodity futures.

The Fund will invest in ETFs within specific asset classes when the technical models used by the Adviser indicate a high probability that the applicable asset classes and ETFs are likely to outperform the applicable universe. The Fund will sell interests or reduce investment exposure among an asset class or ETF when the technical models used by the Adviser indicate that such asset class or ETF is likely to underperform the applicable universe. The Fund may be more heavily invested in fixed-income ETFs, cash positions and similar securities when the technical models indicate these assets should significantly outperform the equity and/or alternative asset classes.

In general, the Fund's investments in equity securities are intended to achieve the capital appreciation component of its investment objective and the Fund's investments in fixed income securities are intended to achieve the capital preservation component of its investment objective. Under normal market conditions, the Adviser expects that the Fund will invest a combined minimum of 35% in fixed-income securities and in alternative assets. The Fund's investments in alternative assets are intended to enable the portfolio to be less reliant on fixed-income investments for reducing volatility and equities for increasing returns. The Adviser may engage in frequent buying and selling of portfolio securities to achieve the Fund's investment objective. The Fund will not invest in options or swaps.

The Fund seeks to achieve its investment objective by implementing a proprietary technical asset allocation (''TAA'') model. The Adviser will overweight asset classes, rotation strategies and underlying ETFs exhibiting positive relative strength and underweight asset classes, rotation strategies and underlying ETFs exhibiting negative relative strength. In essence, TAA works by reallocating at different times in response to the changing patterns of returns available in the markets.

This methodology does not attempt to predict the future; it simply reacts to pattern changes in the marketplace at any given time. This methodology allows the Fund to be adaptive to current market conditions.

The tactical model relies on a number of technical indicators when making allocation decisions for the Fund. The Adviser utilizes relative strength as the primary technical indicator to tactically allocate assets both within and across asset classes and rotation strategies. The relative strength indicator is important because it adapts to the changing market conditions. Relative strength measures the likelihood that an ETF or a group of ETFs will outperform the appropriate base index. When the indicator is moving up, it shows that the ETF or group of ETFs is performing better than the base index. When the indicator is moving down, it shows that the ETF or group of ETFs is performing worse than the base index (*i.e.,* not rising as fast or falling faster).

For example, in the sector rotation strategy, the Adviser creates a sector-based index to compare all available sector ETFs for investment in the Fund. The performance of each ETF is compared to the base index and ranked. The Adviser generally purchases the ETFs that demonstrate the highest-ranked relative strength and sells any positions that are not included in that list.

The Adviser has discretion to add to or delete from the universe of eligible ETFs for each strategy based on holdings, expense ratio, volume, liquidity, new product availability and other factors that can positively contribute to achieving the Fund's investment objectives.

Arrow DWA Tactical ETF

The Fund's primary investment objective is to seek to achieve long-term capital appreciation with capital preservation as a secondary objective.

In pursuing its investment objective, the Fund will invest in other ETFs[11] that each invest primarily in domestic and foreign (including emerging markets) (i) equity securities of any market capitalization, (ii) fixed-income securities of any credit quality, or (iii) alternative assets. In addition, the Fund will invest in commodity futures through a wholly-owned and controlled Cayman subsidiary (the ''Tactical Subsidiary''). The Fund defines equity securities to be exchange-traded common and preferred stocks; and defines fixed-income securities to be bonds, notes or debentures; and defines alternative assets to be investments that are historically uncorrelated to either equity or fixed income investments, which are commodity futures, MLPs and real estate-related securities, which include foreign and domestic REITs or REOCs. The Fund's fixed income securities may be rated below investment grade (rated BB+ or lower by S&P or comparably rated by another NRSRO, also known as ''high yield'' or ''junk'' bonds, and in unrated debt securities determined by the Adviser to be of comparable quality.

The Fund is a ''fund of funds,'' which means that it primarily invests in ETFs; however, the Adviser may elect to invest directly in the types of securities described above. The Adviser may elect to make these direct investments when it is cost effective for the Fund to do so (such as when the Fund reaches a size sufficient to effectively purchase the underlying securities held by the ETFs in which it invests, allowing the Fund to avoid the costs associated with indirect investments). The Adviser uses technical analysis to allocate the Fund's assets among the asset classes described above.

[10] The term ''under normal market conditions'' as used herein includes, but is not limited to, the absence of adverse market, economic, political or other conditions, including extreme volatility or trading halts in the securities markets or the financial markets generally; operational issues causing dissemination of inaccurate market information; or *force majeure* type events such as systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance. In periods of extreme market disturbance, the Fund may take temporary defensive positions, by overweighting its portfolio in cash/cash-like instruments; however, to the extent possible, the Adviser would continue to seek to achieve the Fund's investment objective.

[11] The ETFs in which the Fund may invest include Index Fund Shares and Portfolio Depositary Receipts (as described in Nasdaq Rule 5705(a) and (b)) and Managed Fund Shares (as described in Nasdaq Rule 5735).

Technical analysis is the method of evaluating securities by analyzing statistics generated by market activity, such as past prices and trading volume, in an effort to determine probable future prices.

Under normal market conditions, the Fund will invest:

- From 0% to 100% of its assets in ETFs that invest in equity securities;
- From 0% to 100% of its assets in ETFs that invest in fixed-income securities; and
- From 0% up to 90% of its assets in ETFs that invest in alternative assets.

The Fund will have the ability to invest up to 25% of its total assets in the Tactical Subsidiary. The Tactical Subsidiary will invest primarily in commodity futures, as well as fixed-income securities and cash equivalents, which are intended to serve as margin or collateral for the Tactical Subsidiary's investments in commodity futures.

The Fund will invest in ETFs within specific asset classes when the technical models used by the Adviser indicate a high probability that the applicable asset classes and ETFs are likely to outperform the applicable universe. The Fund will sell interests or reduce investment exposure among an asset class or ETF when the technical models used by the Adviser indicate that such asset class or ETF is likely to underperform the applicable universe. The Fund may invest more heavily in fixed-income ETFs, cash positions and similar securities when the technical models indicate these assets should significantly outperform the equity and/or alternative asset classes.

In general, the Fund's investments in equity securities are intended to achieve the capital appreciation component of the Fund's investment objectives. At times, the Fund may invest in fixed-income securities in order to achieve the capital preservation component of the Fund's investment objectives. The Fund's investments in alternative assets are intended to enable the portfolio to be less reliant on fixed-income investments for reducing volatility and equities for increasing returns. The Adviser may engage in frequent buying and selling of portfolio securities to achieve the Fund's investment objectives. The Fund will not invest in options or swaps.

The Fund seeks to achieve its investment objectives by implementing a proprietary TAA model. The Adviser will overweight asset classes, rotation strategies and underlying ETFs exhibiting positive relative strength and underweight asset classes, rotation strategies and underlying ETFs exhibiting negative relative strength.

The tactical model relies on a number of technical indicators when making allocation decisions for the Fund. The Adviser utilizes relative strength as the primary technical indicator to tactically allocate assets both within and across asset classes and rotation strategies. The relative strength indicator is important because it adapts to the changing market conditions. Relative strength measures the likelihood that an ETF or a group of ETFs will outperform the appropriate base index. When the indicator is moving up, it shows that the ETF or group of ETFs is performing better than the base index. When the indicator is moving down, it shows that the ETF or group of ETFs is performing worse than the base index (*i.e.,* not rising as fast or falling faster).

For example, in the sector rotation strategy, the Adviser creates a sector-based index to compare all available sector ETFs for investment in the Fund. The performance of each ETF is compared to the base index and ranked. The Adviser generally purchases the ETFs that demonstrate the highest-ranked relative strength and sells any positions that are not included in that list.

The Adviser has discretion to add to or subtract from the universe of eligible ETFs for each strategy based on holdings, expense ratio, volume, liquidity, new product availability and other factors that can positively contribute to achieving the Fund's investment objectives.

The Subsidiaries

Each of the Balanced Fund and Tactical Fund have the ability to invest up to 25% of its total assets in the Balanced Subsidiary and the Tactical Subsidiary, respectively (each a ''Subsidiary''; together, the ''Subsidiaries''). Each Subsidiary will invest primarily in commodity futures, as well as fixed-income securities and cash equivalents, which are intended to serve as margin or collateral for each Subsidiary's investments in commodity futures. Each Subsidiary may have both long and short positions in commodities futures. However, for a given commodity, each Subsidiary will have a net long exposure. Each Subsidiary will also be advised by the Adviser.[12] Each Subsidiary will initially consider investing in the commodities futures contracts set forth in the following table. The table also provides each instrument's trading hours, exchange and ticker symbol. The table is subject to change.

Commodity	Bloomberg exchange code [13]	Exchange name [14]	Trading hours (eastern time)	Contract ticker (generic Bloomberg ticker)
Cattle, Live/Choice Average	CME	Chicago Mercantile Exchange	18:00–17:00	LC.
Cocoa	NYB	ICE Futures Exchange	04:00–14:00	CC.
Cotton/1 1⁄16"	NYB	ICE Futures Exchange	21:00–14:30	CT.
Feeder Cattle	CME	Chicago Mercantile Exchange	18:00–17:00	FC.
Coffee 'C'/Colombian	NYB	ICE Futures Exchange	03:30–14:00	KC.
Soybeans/No. 2 Yellow	CBT	Chicago Board of Trade	20:00–14:15	S.
Soybean Meal/48% Protein	CBT	Chicago Board of Trade	20:00–14:15	SM.

[12] Neither Subsidiary will be registered under the 1940 Act nor will be directly subject to its investor protections, except as noted in the Registration Statement. However, each Subsidiary will be wholly-owned and controlled by the applicable Fund and will be advised by the Adviser. Therefore, each Fund's ownership and control of their respective Subsidiary will prevent the applicable Subsidiary from taking action contrary to the interests of the Fund or its shareholders. The Board of Trustees of the Trust (the ''Board'') will have oversight responsibility for the investment activities of each Fund, including its expected investment in the applicable Subsidiary, and the Fund's role as the sole shareholder of the applicable Subsidiary. The Adviser will receive no additional compensation for managing the assets of each Subsidiary. Each Subsidiary will also enter into separate contracts for the provision of custody, transfer agency, and accounting agent services with the same or with affiliates of the same service providers that provide those services to the Funds.

[13] The exchange codes listed are Bloomberg shorthand codes for the corresponding exchanges. The New York Board of Trade is currently owned by the ICE Futures Exchange; Bloomberg continues to use NYB as its shorthand code for certain contracts formerly traded on the New York Board of Trade.

[14] All of the exchanges are ISG members except for the London Metal Exchange (''LME''). The LME falls under the jurisdiction of the United Kingdom Financial Conduct Authority (''FCA''). The FCA is responsible for ensuring the financial stability of the exchange members' businesses, whereas the LME is largely responsible for the oversight of day-to-day exchange activity, including conducting the arbitration proceedings under the LME arbitration regulations.

Commodity	Bloomberg exchange code[13]	Exchange name[14]	Trading hours (eastern time)	Contract ticker (generic Bloomberg ticker)
Soybean Oil/Crude	CBT	Chicago Board of Trade	20:00–14:15	BO.
Corn/No. 2 Yellow	CBT	Chicago Board of Trade	20:00–14:15	C.
Wheat/No. 2 Hard Winter	KCB	Kansas City Board of Trade	20:00–14:15	KW.
Wheat/No. 2 Soft Red	CBT	Chicago Board of Trade	20:00–14:15	W.
Sugar #11/World Raw	NYB	ICE Futures Exchange	02:30–14:00	SB.
Hogs, Lean/Average Iowa/S Minn	CME	Chicago Mercantile Exchange	18:00–17:00	LH.
Crude Oil, WTI/Global Spot	NYM	New York Mercantile Exchange	18:00–17:15	CL.
Crude Oil, Brent/Global Spot	ICE	ICE Futures Exchange	20:00–18:00	CO.
NY Harb ULSD	NYM	New York Mercantile Exchange	18:00–17:15	HO.
Gas-Oil-Petroleum	ICE	ICE Futures Exchange	20:00–18:00	QS.
Natural Gas, Henry Hub	NYM	New York Mercantile Exchange	18:00–17:15	NG.
Gasoline, Blendstock (RBOB)	NYM	New York Mercantile Exchange	18:00–17:15	XB.
Gold	CMX	COMEX	18:00–17:15	GC.
Silver	CMX	COMEX	18:00–17:15	SI.
Platinum	NYM	New York Mercantile Exchange	18:00–17:15	PL.
Copper High Grade/Scrap No. 2 Wire	CMX	COMEX	18:00–17:15	HG.
Aluminum, LME Primary 3 Month Rolling Forward.	LME	London Metal Exchange	15:00–14:45	LA.
Lead, LME Primary 3 Month Rolling Forward.	LME	London Metal Exchange	15:00–14:45	LL.
Nickel, LME Primary 3 Month Rolling Forward.	LME	London Metal Exchange	15:00–14:45	LN.
Tin, LME Primary 3 Month Rolling Forward.	LME	London Metal Exchange	15:00–14:45	LT.
Zinc, LME Primary 3 Month Rolling Forward.	LME	London Metal Exchange	15:00–14:45	LX.

As U.S. and London exchanges list additional contracts, as currently listed contracts on those exchanges gain sufficient liquidity or as other exchanges list sufficiently liquid contracts, the Adviser will include those contracts in the list of possible investments of the Subsidiaries. The list of commodities futures and commodities markets considered for investment can and will change over time.

By investing in commodities futures indirectly through the applicable Subsidiary, each of the Balanced Fund and the Tactical Fund will obtain exposure to the commodities markets within the federal tax requirements that apply to the Fund. Investment in each Subsidiary is expected to provide the applicable Fund with exposure to the commodities markets within the limitations of the federal tax requirements of Subchapter M of the Code.

Because each of the Balanced Fund and the Tactical Fund may invest up to 25% of its assets in its respective Subsidiary, such Fund may be considered to be investing indirectly in some of those investments through its Subsidiary. For that reason, references to each of the Balanced Fund and Tactical Fund may also include its Subsidiary. When viewed on a consolidated basis, each Subsidiary will be subject to the same investment restrictions and limitations, and follow the same compliance policies and procedures, as the applicable Fund.

Commodities Regulation

The Commodity Futures Trading Commission (''CFTC'') has recently adopted substantial amendments to CFTC Rule 4.5 relating to the permissible exemptions and conditions for reliance on exemptions from registration as a commodity pool operator. As a result of the instruments that will be indirectly held by each of the Balanced Fund and the Tactical Fund, the Adviser has registered as a commodity pool operator[15] and is also a member of the National Futures Association (''NFA''). Each of the Balanced Fund, Tactical Fund and the Subsidiaries are subject to regulation by the CFTC and NFA and additional disclosure, reporting and recordkeeping rules imposed upon commodity pools.

Arrow DWA Tactical Yield ETF

The Fund's primary investment objective is to seek high current income with an appropriate balance between long-term capital appreciation and capital preservation.

In pursuing its investment objective, the Fund will invest in other ETFs that each invest in domestic and foreign (including emerging markets) (i) equity securities of any market capitalization or (ii) fixed-income securities of any credit quality. The Fund also invests indirectly in these asset classes through various exchange-traded products (''ETPs''),[16] exchange-traded closed-end funds and directly through individual securities. In order to mitigate the settlement risk of the foreign denominated securities in which it invests due to currency fluctuations, the Fund may also invest in Spot Forex futures with up to 25% of the Fund's assets. The Fund will not invest in options or swaps.

The Fund defines equity securities to be exchange-traded common and preferred stocks and REITs, and defines fixed-income securities to be bonds, notes and debentures.

The Fund will maintain two income strategies that focus on (i) securities that generate ''high beta yield,'' consisting of securities correlated to equities based on a proprietary methodology, and (ii) securities that generate ''low beta yield'', consisting of securities less correlated to equities based on a proprietary methodology, respectively. Beta is a measure of the price volatility, or risk, of a security or a portfolio in comparison to the market as a whole. A security's correlation to equities is a measure of the performance similarity of the security to the S&P 500 index. The high beta strategy is a composite of securities that are selected based on

[15] As defined in Section 1a(11) of the Commodity Exchange Act.

[16] The ETPs in which the Fund may invest include exchange-traded currency trusts (as described in Nasdaq Rule 5711(e)) and exchange-traded notes (''ETNs'') (as described in Nasdaq Rule 5730).

their credit and equity risk premiums characteristics. The low beta yield strategy is a composite of securities that are selected based on their inflation, interest and credit risk characteristics. The Fund uses a proprietary selection methodology designed to identify securities that demonstrate strong relative strength characteristics within each strategy. The Fund will then utilize a quantitative methodology that relies on economic and fundamental factors to tactically underweight and overweight the income strategies.

The Fund will, under normal market conditions, invest as follows:

• From 20% to 80% in the Low Beta (LB). The LB will be comprised of equity and fixed income securities, including exchanged traded products that invest in international and domestic securities; and

• From 20% to 80% in the High Beta (HB). The HB will be in equity and fixed income securities, including exchanged traded products that invest in international and domestic securities.

The Fund expects to be a ''fund of funds,'' which means that it primarily invests in ETFs and also in ETPs and closed-end funds; however, the Adviser may elect to invest directly in the asset classes described above. The Adviser may elect to make these direct investments when it is cost effective for the Fund to do so (such as when the Fund reaches a size sufficient to effectively purchase the underlying securities held by the ETFs, ETPs or closed-end Funds in which it invests, allowing the Fund to avoid the costs associated with indirect investments).

All Funds

Each Fund will not invest 25% or more of the value of its total assets in securities of issuers in any one industry.[17] Each Fund may hold up to an aggregate amount of 15% of its net assets in illiquid assets (calculated at the time of investment). Each Fund will monitor its portfolio liquidity on an ongoing basis to determine whether, in light of current circumstances, an adequate level of liquidity is being maintained, and will consider taking appropriate steps in order to maintain adequate liquidity if, through a change in values, net assets, or other circumstances, more than 15% of a Fund's net assets are held in illiquid assets. Illiquid assets include securities subject to contractual or other restrictions on resale and other instruments that lack readily available markets as determined in accordance with Commission staff guidance.[18]

In certain situations or market conditions, a Fund may temporarily depart from its normal investment policies and strategies provided that the alternative is consistent with the Fund's investment objective and is in the best interest of the Fund. For example, a Fund may hold a higher than normal proportion of its assets in cash in times of extreme market stress. The Funds may borrow money from a bank as permitted by the 1940 Act or other governing statute, by applicable rules thereunder, or by Commission or other regulatory agency with authority over the Funds, but only for temporary or emergency purposes. The use of temporary investments is not a part of a principal investment strategy of the Funds.

The Funds will be classified as ''non-diversified'' investment companies under the 1940 Act.[19] The Funds intend to qualify for and to elect treatment as a separate regulated investment company under Subchapter M of the Internal Revenue Code.[20]

Each Fund's investments and each Subsidiary's investments will be consistent with its respective investment objective and although certain derivative investments will have a leveraging effect on the Funds and Subsidiaries, the Funds and Subsidiaries will not seek leveraged returns (*e.g.,* 2X or –3X).

Purchasing and Redeeming Creation Units

The Trust will issue and sell Shares of the Funds only in aggregations of 100,000 Shares (''Creation Units'') on a continuous basis through the Distributor, without a sales load (but subject to transaction fees), at their net asset value (''NAV'') next determined after receipt of an order, on any business day, in proper form. The NAV of a Fund will be determined once each business day, normally as of the close of trading of the New York Stock Exchange (''NYSE''), generally, 4:00 p.m. Eastern time.

Only authorized participants may purchase or redeem any Creation Units. An ''Authorized Participant'' is either a broker-dealer or other participant in the Continuous Net Settlement System (''Clearing Process'') of the National Securities Clearing Corporation (''NSCC'') or a participant in the Depository Trust Company (''DTC'') with access to the DTC system (''DTC Participant'') that has executed an agreement (''Participant Agreement'') with the Distributor that governs transactions in each Fund's Creation Units.

The consideration for a Creation Unit generally consists of the in-kind deposit of designated securities (''Deposit Securities'') and an amount of cash in U.S. dollars (''Cash Component''). Together, the Deposit Securities and the Cash Component constitute the ''Portfolio Deposit.'' The consideration received in connection with the redemption of a Creation Unit generally consists of an in-kind basket of designated securities (''Redemption Securities'') and the Cash Component. Together, the Redemption Securities and the Cash Component constitute the ''Redemption Basket.''

The Cash Component compensates for any differences between the net asset value per Creation Unit and the Deposit Securities or Redemption Securities. Thus, the Cash Component is equal to the difference between (x) the net asset value per Creation Unit of each Fund and (y) the market value of the Deposit Securities or Redemption Securities. If (x) is more than(y), the Authorized Participant will receive the Cash Component from the applicable Fund. If (x) is less than (y), the Authorized Participant will pay the Cash Component to the applicable Fund.

On each Business Day, prior to the opening of business on the Exchange (currently 9:30 a.m., Eastern Time), the Adviser through the Custodian makes available through NSCC the name and amount of each Deposit Security in the current Portfolio Deposit (based on information at the end of the previous Business Day) for each Fund and the (estimated) Cash Component, effective through and including the previous Business Day, per Creation Unit. The Deposit Securities announced are

[17] *See* Form N–1A, Item 9. The Commission has taken the position that a fund is concentrated if it invests more than 25% of the value of its total assets in any one industry. *See, e.g.,* Investment Company Act Release No. 9011 (October 30, 1975), 40 FR 54241 (November 21, 1975).

[18] The Commission has stated that long-standing Commission guidelines have required open-end funds to hold no more than 15% of their net assets in illiquid securities and other illiquid assets. *See* Investment Company Act Release No. 28193 (March 11, 2008), 73 FR 14618 (March 18, 2008), footnote 34. *See also,* Investment Company Act Release No. 5847 (October 21, 1969), 35 FR 19989 (December 31, 1970) (Statement Regarding ''Restricted Securities''); Investment Company Act Release No. 18612 (March 12, 1992), 57 FR 9828 (March 20, 1992) (Revisions of Guidelines to Form N–1A). A fund's portfolio security is illiquid if it cannot be disposed of in the ordinary course of business within seven days at approximately the value ascribed to it by the fund. *See* Investment Company Act Release No. 14983 (March 12, 1986), 51 FR 9773 (March 21, 1986) (adopting amendments to Rule 2a–7 under the 1940 Act); Investment Company Act Release No. 17452 (April 23, 1990), 55 FR 17933 (April 30, 1990) (adopting Rule 144A under the 1933 Act).

[19] The diversification standard is set forth in Section 5(b)(1) of the 1940 Act (15 U.S.C. 80a–5).

[20] 26 U.S.C. 851.

applicable, subject to any adjustments as described below, to purchases of Creation Units until the next announcement of Deposit Securities.

If the Redemption Securities on a Business Day are different from the Deposit Securities, prior to the opening of business on the Exchange, the Adviser through the Custodian makes available through NSCC the name and amount of each Redemption Security in the current Redemption Basket (based on information at the end of the previous Business Day) for a Fund and the (estimated) Cash Component, effective through and including the previous Business Day, per Creation Unit.

The Trust will reserve the right to permit or require the substitution of an amount of cash (*i.e.,* a ''cash-in-lieu'') amount to be added to the Cash Component to replace any Deposit Security or Redemption Security that may not be available in sufficient quantity for delivery or which might not be eligible for trading by an Authorized Participant or the investor for which it is acting or other relevant reason. To the extent the Trust effects the purchase or redemption of Shares in cash, such transactions will be effected in the same manner for all Authorized Participants.

All orders to create Creation Unit aggregations must be received by the Distributor no later than the earlier of (i) 4:00 p.m. Eastern Time or (ii) the closing time of the bond markets and/or the regular trading session on the Exchange, in each case, on the date such order is placed in order for creations of Creation Unit aggregations to be effected based on the NAV of Shares of a Fund as next determined on such date after receipt of the order in proper form.

In order to redeem Creation Units of a Fund, an Authorized Participant must submit an order to redeem for one or more Creation Units. All such orders must be received by the Distributor in proper form no later than the earlier of (i) 4:00 p.m. Eastern Time or (ii) the closing time of the bond markets and/or the regular trading session on the Exchange, in order to receive that day's closing NAV per Share.

Net Asset Value

The Administrator calculates each Fund's NAV at the close of regular trading (normally 4:00 p.m., Eastern Time) every day that the NYSE is open. NAV is calculated by deducting all of a Fund's liabilities from the total value of its assets and dividing the result by the number of Shares outstanding, rounding to the nearest cent. All valuations are subject to review by the Trust's Board or its delegate.

In determining NAV, expenses are accrued and applied daily and securities and other assets for which market quotations are readily available are valued at market value. The NAV for a Fund will be calculated and disseminated daily. The value of a Fund's portfolio securities is based on market value when market quotations are readily available.

Exchange-traded securities, such as common and preferred stocks, ETFs, ETPs, ETNs, closed-end funds, REITs, MLPs, REOCs and similar instruments, generally are valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Adviser believes such prices accurately reflect the fair market value of such securities. Securities that are traded on any stock exchange or on Nasdaq are generally valued by the pricing service at the last quoted sale price. Lacking a last sale price, an equity security is generally valued by the pricing service at its last bid price. When market quotations are not readily available, when the Adviser determines that the market quotation or the price provided by the pricing service does not accurately reflect the current market value, or when restricted or illiquid securities are being valued, such securities are valued as determined in good faith by the Adviser. If a security's market price is not readily available, the security will be valued at fair value as determined by the Trust's Fair Value Committee in accordance with the Trust's valuation policies and procedures approved by the Board. The values of assets denominated in foreign currencies are converted into U.S. dollars based on the mean of the current bid and asked prices by major banking institutions and currency dealers.

Bonds, notes, debentures or similar instruments are valued by a pricing service when the Fund's Adviser believes such prices are accurate and reflect the fair market value of such securities. If the Adviser decides that a price provided by the pricing service does not accurately reflect the fair market value of the securities, when prices are not readily available from a pricing service, or when restricted or illiquid securities are being valued, securities are valued at fair value as determined in good faith by the Fund's Adviser, subject to review by the Board of Trustees. Short-term investments in fixed income securities with maturities of less than 60 days when acquired, or which subsequently are within 60 days of maturity, are valued by using the amortized cost method of valuation.

Futures contracts listed for trading on a futures exchange or board of trade for which market quotations are readily available are valued at the last quoted sales price or, in the absence of a sale, at the mean of the last bid and ask prices.

The Subsidiaries will be valued at their NAV at the close of regular trading (normally 4:00 p.m., Eastern time) every day that the NYSE is open. NAV is calculated by deducting all of a Subsidiary's liabilities from the total value of its assets and dividing the result by the number of shares of the Subsidiary outstanding, rounding to the nearest cent. The total value of the assets of each Subsidiary is determined using the same valuation policy as the Funds.

Even when market quotations are available, they may be stale or unreliable because the validity of market quotations appears to be questionable; the number of quotations is such as to indicate that there is a thin market in the security; a significant event occurs after the close of a market but before a Fund's NAV calculation that may affect a security's value; or the Adviser is aware of any other data that calls into question the reliability of market quotations such as issuer-specific events, which may include a merger or insolvency, events which affect a geographical area or an industry segment, such as political events or natural disasters, or market events, such as a significant movement in the U.S. market. Where market quotations are not readily available, including where the Adviser determines that the closing price of the security is unreliable, the Adviser will value the security at fair value in good faith using procedures approved by the Board. Fair value pricing involves subjective judgments and it is possible that a fair value determination for a security is materially different than the value that could be realized upon the sale of the security.

Because foreign markets may be open on different days than the days during which a shareholder may purchase Shares, the value of a Fund's investments may change on days when shareholders are not able to purchase Shares.

Availability of Information

The Funds' Web site (*www.arrowshares.com*), which will be publicly available prior to the public offering of Shares, will include a form of the prospectus for the Funds that may be downloaded. The Web site will include each Fund's ticker, Cusip and exchange information along with additional quantitative information updated on a daily basis, including, for each Fund: (1) daily trading volume, the prior business day's reported NAV and closing price, mid-point of the bid/ask spread at the time of calculation of such NAV (the ''Bid/Ask Price'') [21] and a calculation of the premium and discount of the Bid/Ask Price against the NAV; and (2) data in chart format displaying the frequency distribution of discounts and premiums of the daily Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters. On each business day, before commencement of trading in Shares in the Regular Market Session [22] on the Exchange, the Funds will disclose on their Web site the identities and quantities of the portfolio of securities and other assets (the ''Disclosed Portfolio'' as defined in Nasdaq Rule 5735(c)(2)) held by each Fund that will form the basis for the Fund's calculation of NAV at the end of the business day.[23] The Disclosed Portfolio will include, as applicable, the names, quantity, percentage weighting and market value of securities and other assets held by each Fund and each Subsidiary and the characteristics of such assets. The Web site and information will be publicly available at no charge.

In addition, for the Funds, an estimated value, defined in Rule 5735(c)(3) as the ''Intraday Indicative Value,'' that reflects an estimated intraday value of each Fund's portfolio, will be disseminated. Moreover, the Intraday Indicative Value, available on the NASDAQ OMX Information LLC proprietary index data service [24] will be based upon the current value for the components of the Disclosed Portfolio and will be updated and widely disseminated by one or more major market data vendors and broadly displayed at least every 15 seconds during the Regular Market Session. Information regarding the ETFs, other ETPs, futures, equity securities, fixed income securities and other investments held by the Funds and Subsidiaries will be available from on-line information services such as Bloomberg.

The dissemination of the Intraday Indicative Value, together with the Disclosed Portfolio, will allow investors to determine the value of the underlying portfolio of each Fund on a daily basis and will provide a close estimate of that value throughout the trading day.

Intraday, executable price quotations on the securities and other assets held by the Funds and Subsidiaries, will be available from major broker-dealer firms or on the exchange on which they are traded, as applicable. Intraday price information will also be available through subscription services, such as Bloomberg, Markit and Thomson Reuters, which can be accessed by Authorized Participants and other investors: (a) pricing information for exchange-traded securities such as common and preferred stocks, ETFs, ETPs, ETNs, closed-end funds, futures contracts, REITs, MLPs, and REOCs will be publicly available from the Web sites of the exchanges on which they trade, on public financial Web sites, and through subscription services such as Bloomberg and Thompson Reuters; and (b) pricing information regarding debt securities (including high yield fixed-income securities, bonds, notes and debentures will be available through subscription services such as Markit, Bloomberg and Thompson Reuters.

Investors will also be able to obtain the Funds' Statement of Additional Information (''SAI''), the Funds' annual and semi-annual shareholder reports (''Shareholder Reports''), and their Form N–CSR and Form N–SAR, filed twice a year. The Fund's SAI and Shareholder Reports will be available free upon request from the Funds, and those documents and the Form N–CSR and Form N–SAR may be viewed on-screen or downloaded from the Commission's Web site at *www.sec.gov*. Information regarding market price and volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services. The previous day's closing price and trading volume information for the Shares will be published daily in the financial section of newspapers. Quotation and last sale information for the Shares will be available via Nasdaq proprietary quote and trade services, as well as in accordance with the Unlisted Trading Privileges and the Consolidated Tape Association plans for the Shares and any underlying exchange-traded products.

Additional information regarding the Funds and the Shares, including investment strategies, risks, creation and redemption procedures, fees, portfolio holdings disclosure policies, distributions and taxes will be included in the Registration Statement. All terms relating to a Fund that are referred to, but not defined in, this proposed rule change are defined in the Registration Statement.

Initial and Continued Listing

The Shares will be subject to Rule 5735, which sets forth the initial and continued listing criteria applicable to Managed Fund Shares. The Exchange represents that, for initial and/or continued listing, the Funds must be in compliance with Rule 10A–3 [25] under the Act. A minimum of 100,000 Shares of each Fund will be outstanding at the commencement of trading on the Exchange. The Exchange will obtain a representation from the issuer of the Shares that the NAV per Share will be calculated daily and that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time.

Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Funds. Nasdaq will halt trading in the Shares under the conditions specified in Nasdaq Rules 4120 and 4121, including the trading pauses under Nasdaq Rules 4120(a)(11) and (12). Trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) The extent to which trading is not occurring in the securities and other assets constituting the Disclosed Portfolio of the Funds; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. Trading in the Shares also will be subject to Rule 5735(d)(2)(D), which sets forth circumstances under which Shares of the Funds may be halted.

[21] The Bid/Ask Price of each Fund will be determined using the midpoint of the highest bid and the lowest offer on the Exchange as of the time of calculation of the Fund's NAV. The records relating to Bid/Ask Prices will be retained by the Funds and their service providers.

[22] *See* Nasdaq Rule 4120(b)(4) (describing the three trading sessions on the Exchange: (1) Pre-Market Session from 4 a.m. to 9:30 a.m. Eastern Time; (2) Regular Market Session from 9:30 a.m. to 4 p.m. or 4:15 p.m. Eastern Time; and (3) Post-Market Session from 4 p.m. or 4:15 p.m. to 8 p.m. Eastern Time).

[23] Under accounting procedures to be followed by the Funds, trades made on the prior business day (''T'') will be booked and reflected in NAV on the current business day (''T+1''). Notwithstanding the foregoing, portfolio trades that are executed prior to the opening of the Exchange on any business day may be booked and reflected in NAV on such business day. Accordingly, the Funds will be able to disclose at the beginning of the business day the portfolio that will form the basis for the NAV calculation at the end of the business day.

[24] Currently, the NASDAQ OMX Global Index Data Service (''GIDS'') is the NASDAQ OMX global index data feed service, offering real-time updates, daily summary messages, and access to widely followed indexes and Intraday Indicative Values for ETFs. GIDS provides investment professionals with the daily information needed to track or trade NASDAQ OMX indexes, listed ETFs, or third-party partner indexes and ETFs.

[25] *See* 17 CFR 240.10A–3.

Trading Rules

Nasdaq deems the Shares to be equity securities, thus rendering trading in the Shares subject to Nasdaq's existing rules governing the trading of equity securities. Nasdaq will allow trading in the Shares from 4:00 a.m. until 8:00 p.m. Eastern Time. The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in Nasdaq Rule 5735(b)(3), the minimum price variation for quoting and entry of orders in Managed Fund Shares traded on the Exchange is $0.01.

Surveillance

The Exchange represents that trading in the Shares will be subject to the existing trading surveillances, administered by both Nasdaq and also the Financial Industry Regulatory Authority (''FINRA'') on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws.[26] The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws.

The surveillances referred to above generally focus on detecting securities trading outside their normal patterns, which could be indicative of manipulative or other violative activity. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations.

FINRA, on behalf of the Exchange, will communicate as needed regarding trading information it can obtain relating to the Shares and other exchange-traded securities and instruments held by the Fund with other markets and other entities that are members of the Intermarket Surveillance Group (''ISG'') [27] and FINRA may obtain trading information regarding trading in the Shares and exchange-traded securities and instruments held by the Fund from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares and exchange-traded securities and instruments held by the Fund from markets and other entities that are members of ISG, which includes all U.S. national securities and certain futures exchanges, or are parties to a comprehensive surveillance sharing agreement. Moreover, FINRA, on behalf of the Exchange, will be able to access, as needed, trade information for certain fixed income securities held by each Fund reported to FINRA's TRACE. At all times, 90% of each Fund's exchange-traded assets will be securities that trade in markets that are members of the ISG, which includes all U.S. national securities and certain futures exchanges, or are parties to a comprehensive surveillance sharing agreement.

In addition, the Exchange also has a general policy prohibiting the distribution of material, non-public information by its employees.

Information Circular

Prior to the commencement of trading, the Exchange will inform its members in an Information Circular of the special characteristics and risks associated with trading the Shares. Specifically, the Information Circular will discuss the following: (1) The procedures for purchases and redemptions of Shares in Creation Units (and that Shares are not individually redeemable); (2) Nasdaq Rule 2111A, which imposes suitability obligations on Nasdaq members with respect to recommending transactions in the Shares to customers; (3) how and by whom information regarding the Intraday Indicative Value and Disclosed Portfolio is disseminated; (4) the risks involved in trading the Shares during the Pre-Market and Post-Market Sessions when an updated Intraday Indicative Value will not be calculated or publicly disseminated; (5) the requirement that members deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (6) trading information.

In addition, the Information Circular will advise members, prior to the commencement of trading, of the prospectus delivery requirements applicable to the Fund. Members purchasing Shares from the Fund for resale to investors will deliver a prospectus to such investors. The Information Circular will also discuss any exemptive, no-action and interpretive relief granted by the Commission from any rules under the Act.

Additionally, the Information Circular will reference that the Fund is subject to various fees and expenses described in the Registration Statement. The Information Circular will also disclose the trading hours of the Shares of the Fund and the applicable NAV calculation time for the shares. The Information Circular will disclose that information about the Shares of the Fund will be publicly available on the Distributor's Web site.

2. Statutory Basis

Nasdaq believes that the proposal is consistent with Section 6(b) of the Act [28] in general and Section 6(b)(5) of the Act [29] in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in Nasdaq Rule 5735. The Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws. At all times, 90% of each Fund's exchange-traded assets will be securities that trade in markets that are members of the ISG, which includes all U.S. national securities and certain futures exchanges, or are parties to a comprehensive surveillance sharing agreement. The Exchange may obtain information via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement. In pursuing its investment objective, the Balanced Fund and the Tactical Fund seek to achieve their respective investment objectives by investing in ETFs that each invest primarily in domestic and foreign (including emerging markets) (i) equity securities of any market capitalization, (ii) fixed income securities of any credit quality, or (iii) alternative assets. In addition, each of the Balanced Fund and the Tactical Fund invests in commodity futures through its respective Subsidiary. In pursuing its investment objective, the Tactical Yield Fund invests in ETFs that each invest primarily in domestic and foreign

[26] FINRA surveils trading on the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement.

[27] For a list of the current members of ISG, *see www.isgportal.org*. The Exchange notes that not all components of the Disclosed Portfolio may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

[28] 15 U.S.C. 78f.

[29] 15 U.S.C. 78f(b)(5).

(including emerging markets) (i) equity securities of any market capitalization, and (ii) fixed income securities of any credit quality.

The Funds will not invest 25% or more of the value of its total assets in securities of issuers in any one industry.[30] The Funds may hold up to an aggregate amount of 15% of its net assets in illiquid assets (calculated at the time of investment).

Each of the Balanced Fund and Tactical Fund has the ability to invest up to 25% of its total assets in the Balanced Subsidiary and the Tactical Subsidiary, respectively. Each Subsidiary will invest primarily in commodity futures, as well as fixed income securities and cash equivalents, which are intended to serve as margin or collateral for the subsidiary's investments in commodity futures. Each Subsidiary may have both long and short positions in commodities futures. However, for a given commodity, each Subsidiary will have a net long exposure.

The Adviser is not a broker-dealer, but the Adviser is affiliated with a broker-dealer and has implemented a ''fire wall'' with respect to such broker-dealer regarding access to information concerning the composition and/or changes to the Funds' portfolio. In addition, as required by paragraph (g) of Nasdaq Rule 5735, Adviser personnel who make decisions on each Fund's portfolio composition will be subject to procedures designed to prevent the use and dissemination of material, non-public information regarding the each Fund's portfolio. The Funds' investments will be consistent with the Funds' investment objectives and, although certain derivative investments will have a leveraging effect on the Funds and Subsidiaries, the Funds and Subsidiaries will not seek leveraged returns (*e.g.,* 2X or –3X).

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 Exchange will obtain a representation from the issuer of the Shares that the NAV per Share will be calculated daily and that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time. In addition, a large amount of information is publicly available regarding the Funds and the Shares, thereby promoting market transparency.

The Intraday Indicative Value, available on the NASDAQ OMX Information LLC proprietary index data service will be widely disseminated by one or more major market data vendors and broadly displayed at least every 15 seconds during the Regular Market Session. The dissemination of the Intraday Indicative Value, together with the Disclosed Portfolio, will allow investors to determine the value of the underlying portfolio of each Fund on a daily basis and will provide a close estimate of that value throughout the trading day. Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services, and quotation and last sale information for the Shares will be available via Nasdaq proprietary quote and trade services. Intraday, executable price quotations of the securities and other assets held by the Funds will be available from major broker-dealer firms or on the exchange on which they are traded, if applicable. Intraday price information is available through subscription services, such as Bloomberg, Markit and Thomson Reuters, which can be accessed by Authorized Participants and other investors.

Trading in Shares of the Funds will be halted under the conditions specified in Nasdaq Rule 4120(a)(11) have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable, and trading in the Shares will be subject to Nasdaq Rule 5735(d)(2)(D), which sets forth circumstances under which Shares of the Funds may be halted. In addition, as noted above, investors will have ready access to information regarding the Funds' holdings, the Intraday Indicative Value, the Disclosed Portfolio, and quotation and last sale information for the Shares.

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 it will facilitate the listing and trading of an additional type of actively-managed exchange-traded product that will enhance competition among market participants, to the benefit of investors and the marketplace.

For the above reasons, Nasdaq believes the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act.

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 Exchange believes that the proposed rule change will facilitate the listing and trading of an additional type of actively-managed exchange-traded fund that will enhance competition among market participants, to the benefit of investors and the marketplace.

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

Written comments were neither solicited nor received.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory 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–NASDAQ–2014–063 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–2014–063. 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

[30] *See supra* note 17.

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–NASDAQ–2014–063 and should be submitted on or before July 24, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[31]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014–15610 Filed 7–2–14; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–72488; File No. SR–NSCC–2014–08]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Broaden the Scope of the Licensing and Appointments Service and To Amend NSCC's Fee Structure

June 27, 2014.

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 June 17, 2014, National Securities Clearing Corporation (''NSCC'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule changes as described in Items I, II and III below, which Items have been prepared primarily by NSCC. NSCC filed the proposed rule change pursuant to Section 19(b)(3)(A)[3] of the Act and Rule 19b–4(f)(2)[4] and (4)[5] thereunder. The proposed rule change was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule changes from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule changes consist of amendments to the Rules & Procedures (''Rules'') of NSCC to broaden the scope of the Licensing and Appointments (''L&A'') service of the Insurance & Retirement Processing Services (''I&RS'') of NSCC and to amend Addendum A of NSCC's Rules in connection therewith, as more fully described below.

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, NSCC included statements concerning the purpose of and basis for the proposed rule changes and discussed any comments it received on the proposed rule changes. The text of these statements may be examined at the places specified in Item IV below. NSCC has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Proposed Rule Changes

In 2001, NSCC established the L&A service[6] as part of the I&RS suite of services. L&A allows users of the service to transmit data and information between themselves with respect to state licensing[7] and appointment[8] matters, which in general relate to insurance agents (''Producers''), and to settle payments between themselves in connection therewith.

In light of recently implemented regulations pertaining to annuity product training for Producers under various state insurance laws,[9] NSCC proposes to broaden L&A's scope to specify that Licensing and Appointment authorizations and activities includes, but is not limited to, insurance-related training of a licensee or appointee. The proposed rule change will also specify that, in addition to the exchange of Licensing and Appointment information between users of L&A, users may also supply and access Licensing and Appointment information directly to and directly from NSCC, as the case may be. For example, with the proposed rule change, users of the L&A service will have access to a new feature, the Producer Management Portal, which is a repository of Producer related information (including, but not limited to Producer training completions) stored by NSCC for direct access by those L&A users that subscribe to the new feature.

In connection with the addition of the new Producer Management Portal feature of L&A, the proposed rule change will also amend Addendum A to include the Producer Management Portal fees as follows:

- For insurance carrier providers of Producer training completions:

Band	Number of active producers managed	Monthly fee
1	0–999	$0.
2	1,000–9,999	1,000.
3	10,000–49,999	3,000.
4	50,000–99,999	4,000.

[31] 17 CFR 200.30–3(a)(12).

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

[2] 17 CFR 240.19b–4.

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

[4] 17 CFR 240.19b–4(f)(2).

[5] 17 CFR 240.19b–4(f)(4).

[6] Securities Exchange Act Release No. 44635 (August 1, 2001), 66 FR 41287 (August 7, 2001) (SR–NSCC–2001–10).

[7] A license is an authorization from a state insurance department permitting the licensee to sell insurance under the guidelines established by the insurance laws of that state (''Licensing'').

[8] An appointment is an authorization from an insurance carrier permitting the appointee to sell the products of that particular carrier in a particular state (''Appointment'').

[9] In 2010, the National Association of Insurance Commissioners adopted the *2010 Suitability in Annuity Transactions Model Regulation* to set standards and procedures for suitable annuity recommendations of Producers, including among other standards, that Producers have adequate insurance carrier-product specific training prior to soliciting an annuity product for such insurance carrier, as well as a one time, minimum four credit hour, general annuity training course offered by an approved education provider and approved by the applicable insurance department in accordance with applicable insurance education training laws or regulations. See, *http://www.naic.org/store/free/MDL-275.pdf.*