

filings will also be available for inspection and copying at the principal office of CME and on CME's Web site at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

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-CME-2014-41 and should be submitted on or before November 12, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-73382; File No. SR-MIAX-2014-52]

### Self-Regulatory Organizations: Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend MIAX Rule 1107 Concerning Exchange Arbitrations

October 17, 2014.

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on October 2, 2014, Miami International Securities Exchange LLC ("MIAX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I and II below, which Items have been substantially prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons. The Exchange has designated the proposed rule change as constituting a "non-controversial" rule change under Rule 19b-4(f)(6) of the Act,<sup>3</sup> which renders the proposal effective upon receipt of this filing by the Commission.

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

The Exchange proposes to amend its rules to harmonize the language of

MIAX Rule 1107 (Arbitration) with that of another options exchange, the International Securities Exchange, LLC ("ISE"). The text of the proposed rule change is available on the Exchange's Web site at [http://www.miaxoptions.com/filter/wotitle/rule\\_filing](http://www.miaxoptions.com/filter/wotitle/rule_filing), 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 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 amend MIAX Rule 1107 (Arbitration) to harmonize it with the rules of ISE in order to incorporate by reference the arbitration rules of Financial Industry Regulatory Authority, Inc. ("FINRA").<sup>4</sup> The current MIAX Rule 1107 is based on ISE Rule 1800, but incorporates by reference the arbitration rules of the Chicago Board Options Exchange ("CBOE"). This was appropriate when the Exchange maintained a Regulatory Service Agreement ("RSA") with CBOE. The Exchange, however, recently entered into a RSA with FINRA, which became effective on October 1, 2014. The Exchange believes the proposed rule change to reference the arbitration rules of FINRA is consistent with this recent change in regulatory service providers.

###### Proposed Rule Change

The Exchange proposes to replace current references to CBOE arbitration rules in MIAX Rule 1107 with references to the corresponding arbitration rules of FINRA. The proposed rule change would align MIAX's arbitration rule with the arbitration rule of ISE, which also references FINRA's arbitration rules.<sup>5</sup> As proposed, the Rule 12000 Series and

Rule 13000 Series of the FINRA Manual (Code of Arbitration Procedures for Customer Disputes and Code of Arbitration Procedures for Industry Disputes, respectively) (collectively, the "FINRA Code of Arbitration"), as the same may be in effect from time to time, would govern Exchange arbitrations except as may be specified in proposed Rule 1107. Definitions in the FINRA Code of Arbitration would have the same meaning as prescribed therein, and procedures in the FINRA Code of Arbitration would have the same application with respect to Exchange arbitrations.

Under proposed Rule 1107, any dispute, claim, or controversy arising out of or in connection with the business of any member of the Exchange ("Member"), or arising out of the employment or termination of employment of associated person(s) with any Member would be arbitrable, except that: (1) A dispute, claim, or controversy alleging employment discrimination (including a sexual harassment claim) in violation of a statute may only be arbitrated if the parties have agreed to arbitrate it after the dispute arose; and (2) any type of dispute, claim, or controversy that is not permitted to be arbitrated under the FINRA Code of Arbitration (such as class action claims) shall not be eligible for arbitration under proposed Rule 1107. In addition, under the proposal the requirements of FINRA Rule 2268 (Requirements When Using Predispute Arbitration Agreements for Customer Accounts) would apply to predispute arbitration agreements between Members and their customers.

In addition, under proposed Rule 1107, if any matter comes to the attention of an arbitrator during, and in connection with, the arbitrator's participation in a proceeding, either from the record of the proceeding or from material or communications related to the proceeding, that the arbitrator has reason to believe may constitute a violation of the Exchange's rules or the federal securities laws, the arbitrator may initiate a referral of the matter to the Exchange for disciplinary investigation; provided, however, that any such referral could only be initiated by an arbitrator after the matter before her or him has been settled or otherwise disposed of, or after an award finally disposing of the matter has been rendered pursuant to FINRA Rules 12904 or 13904, as applicable.

If the proposal is approved, the principle structure of the Exchange's arbitration rule would remain the same, except that it would reference the applicable FINRA arbitration rules in

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

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

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

<sup>3</sup> 17 CFR 240.19b-4(f)(6).

<sup>4</sup> See ISE Rule 1800.

<sup>5</sup> See ISE Rule 1800.

lieu of the CBOE arbitration rules. In addition, the proposed rule change would closely align the Exchange's arbitration rule with the arbitration rule of another options exchange (ISE).<sup>6</sup> The Exchange believes that the proposed rule change would provide detailed guidelines and framework concerning Exchange arbitrations in a manner that is easily understood and enforceable not only by Members, but also by FINRA, with which the Exchange recently entered into a RSA.

## 2. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act,<sup>7</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>8</sup> in particular, because 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, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

In particular, the Exchange believes that the proposed rule change would provide a clear framework concerning Exchange arbitrations in a manner designed to prevent fraudulent and manipulative acts and practices, and to promote the protection of investors and the public interest. Further, the Exchange notes that the proposed rule change would provide greater harmonization between Exchange rules and the rules of similar substance and purpose of FINRA resulting in less burdensome and more efficient regulatory compliance for members of both MIAX and FINRA ("Dual Members"). As such, the Exchange believes that the proposed rule change would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system.

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

The Exchange does not believe that the proposed rule change would impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The

proposed rule change is not designed to address any competitive issues but rather is designed to provide greater harmonization between Exchange and FINRA rules of similar purpose, resulting in less burdensome and more efficient regulatory compliance for Dual Members.

### 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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>9</sup> and Rule 19b-4(f)(6) thereunder.<sup>10</sup> Because the proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder.<sup>11</sup>

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>12</sup> the Commission may designate a shorter period of time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposed rule may become operative immediately upon filing.

The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest, because it allows the Exchange to immediately harmonize its arbitration rules with those of ISE and, by extension, the FINRA Code of Arbitration. The Commission notes that the Exchange also recently entered into an RSA with FINRA, which became effective on October 1, 2014. Together,

the Commission believes that these steps help ensure that Dual Members would be subject to a single set of SRO rules governing arbitration. The Commission also believes that this would promote less burdensome and more efficient regulatory compliance. For these reasons, the Commission designates the proposed rule change to be operative upon filing.<sup>13</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B) of the Act<sup>14</sup> to determine whether the proposed rule change should be approved or disapproved.

### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

#### Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-MIAX-2014-52 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-MIAX-2014-52. 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

<sup>13</sup> For purposes of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>14</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f)(6).

<sup>11</sup> Rule 19b-4(f)(6) also requires a self-regulatory organization ("SRO") to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

<sup>12</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>6</sup> See Proposed MIAX Rule 1107. See also ISE Rule 1800.

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

<sup>8</sup> 15 U.S.C. 78f(b)(5).

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 20549-1090, 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-MIAX-2014-52 and should be submitted on or before November 12, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>15</sup>

**Kevin M. O'Neill,**  
*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-73376; File No. SR-BATS-2014-026]

### Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing of Amendment No. 3, and Order Granting Accelerated Approval of a Proposed Rule Change To List and Trade Shares of Certain Funds of the Alpha Architect ETF Trust

October 16, 2014.

On July 3, 2014, BATS Exchange, Inc. ("Exchange" or "BATS") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to list and trade shares ("Shares") of each of the following funds: (1) ValueShares U.S. Quantitative Value ETF; (2) ValueShares International Quantitative Value ETF; (3) MomentumShares U.S. Quantitative Momentum ETF; and (4) MomentumShares International Quantitative Momentum ETF (each referred to as the "Fund" and collectively the "Funds"). The proposed

rule change was published for comment in the **Federal Register** on July 23, 2014.<sup>3</sup> On August 15, 2014, the Exchange filed Amendment No. 1 to the proposed rule change, which amended and replaced the proposal in its entirety. On August 26, 2014, the Exchange filed Amendment No. 2 to the proposed rule change, which also amended and replaced the proposal in its entirety. The Commission designated a longer period for Commission action on September 5, 2014.<sup>4</sup> On September 12, 2014, the Exchange filed Amendment No. 3 to the proposed rule change, which again amended and replaced the proposal in its entirety.<sup>5</sup> No comments on the proposal have been received. This order approves the proposed rule change, as modified by Amendment No. 3, on an accelerated basis.

#### I. Description of the Proposed Rule Change

The Exchange proposes to list and trade the Shares under BATS Rule 14.11(i), which governs the listing and

<sup>3</sup> See Securities Exchange Act Release No. 72636 (July 17, 2014), 79 FR 42852.

<sup>4</sup> See Securities Exchange Act Release No. 73003, 79 FR 54307 (September 11, 2014).

<sup>5</sup> Amendment No. 3 modified the proposed rule change by clarifying the holdings of the Funds, clarifying the valuation of various assets for purposes of calculating the net asset value ("NAV") of each Fund, providing more information regarding the Share creation and redemption process, and adding information regarding its surveillance capability. With respect to the Funds' holdings, the Exchange specified: (1) That the common stock, preferred stock, international stocks, and depositary receipts that may be held by the Funds (as applicable) will all be *exchange-listed* (except that up to 10% of the portfolios of the international Funds may be composed of unsponsored depositary receipts); (2) the types of fixed income securities that may be held by each of the Funds; (3) that the debt securities held by the ValueShares U.S. Quantitative Value ETF and the MomentumShares U.S. Quantitative Momentum ETF would be investment grade; (4) that the Funds would not invest in private investment funds, vehicles or structures; (5) that the 15% limit on illiquid assets applicable to each Fund is an *overarching investment restriction*; and (6) the depositary receipts in which the ValueShares International Quantitative Value ETF and MomentumShares International Quantitative Momentum ETF (collectively, "International Funds") may invest. With respect to NAV calculation, the Exchange: (1) Clarified the method for valuation of exchange-listed securities; (2) stated that non-exchange-listed equity securities would be valued at their last reported sale prices or, if no last reported sale price is available, at the most recent bid price; and (3) clarified that fixed income securities (with the exception of repurchase agreements) would be valued by pricing services. With respect to Share creations and redemptions, the Exchange provided additional information regarding the circumstances in which a Fund may accept a custom fund deposit in connection with Share creations as well as the daily dissemination of the redemption basket. Lastly, the Exchange stated that it is able to access, as needed, trade information for certain fixed income instruments reported to the Trade Reporting and Compliance Engine ("TRACE") of the Financial Industry Regulatory Authority ("FINRA").

trading of Managed Fund Shares on the Exchange. The Shares will be offered by the Alpha Architect ETF Trust ("Trust"), which was established as a Delaware statutory trust and is registered with the Commission as an open-end investment company.<sup>6</sup>

Empowered Funds, LLC is the investment adviser ("Adviser") to the Funds.<sup>7</sup> The Adviser is not a registered broker-dealer and is not affiliated with any broker-dealers.<sup>8</sup> U.S. Bancorp Fund Services, LLC is the administrator and transfer agent for the Trust. U.S. Bank National Association is the custodian for the Trust. Quasar Distributors, LLC serves as the distributor for the Trust.<sup>9</sup>

#### A. ValueShares U.S. Quantitative Value ETF

The investment objective of the Fund is to provide long-term capital appreciation. Under normal circumstances,<sup>10</sup> the Fund will invest at

<sup>6</sup> The Trust and has filed a registration statement on behalf of the Funds on Form N-1A ("Registration Statement") with the Commission. See Registration Statement on Form N-1A for the Trust, dated April 25, 2014 (File Nos. 333-195493 and 811-22961). The Commission has issued an order granting certain exemptive relief to the Trust under the Investment Company Act of 1940 (15 U.S.C. 80a-1) ("1940 Act"). See Investment Company Act Release No. 31018 (April 16, 2014) (File No. 812-14245).

<sup>7</sup> The Adviser is an indirect subsidiary of Empirical Finance, LLC d/b/a Empiritrage, LLC.

<sup>8</sup> BATS Rule 14.11(i)(7) provides that, if the investment adviser to the investment company issuing Managed Fund Shares is affiliated with a broker-dealer, the investment adviser shall erect a firewall between the investment adviser and the broker-dealer with respect to access to information concerning the composition of or changes to the investment company portfolio. In addition, Rule 14.11(i)(7) further requires that personnel who make decisions on the investment company's portfolio composition must be subject to procedures designed to prevent the misuse and dissemination of material nonpublic information regarding the applicable investment company portfolio. The Exchange states that, in the event that (a) the Adviser becomes registered as a broker-dealer or newly affiliated with 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 firewall with respect to its relevant personnel or such broker-dealer affiliate, as applicable, regarding access to information concerning the composition of or changes to the portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding the portfolio.

<sup>9</sup> Additional information regarding the Trust, the Funds, the Shares, investment strategies, investment restrictions, risks, NAV calculation, creation and redemption procedures, fees, portfolio holdings, disclosure policies, distributions, and taxes, among other information, is included in Amendment No. 3 and the Registration Statement, as applicable. See Amendment No. 3 and Registration Statement, *supra* note 5 and 6, respectively.

<sup>10</sup> The term "under normal circumstances" includes, but is not limited to, the absence of adverse market, economic, political, or other conditions, including extreme volatility or trading

<sup>15</sup> 17 CFR 200.30-3(a)(12).

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

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