After studying market data and soliciting comment, FINRA believes that investors would benefit from increased transparency in Rule 144A transactions. FINRA's review of the reported transactions indicates and commenters note that the market in Rule 144A transactions has significant volume, has matured and has increased in liquidity over the several years that TRACE has been in effect. Although one comment opposing dissemination of Rule 144A transactions noted that the contra parties to Rule 144A transactions are almost exclusively institutions that are capable of assessing and negotiating the information needed to make investment decisions, FINRA believes, based on academic studies and the experience in publicly traded corporate bonds, that even in institutional markets more transparent markets tend to reduce spreads and trade execution costs, which may be indicative of more competitive prices for investors. In addition, FINRA notes that dissemination may assist market participants in price discovery as well as determining execution quality. Finally, FINRA believes that transparency in this sector may improve the quality of pricing for valuation purposes, which is critical for both dealers and institutions.

In addition, FINRA does not believe that providing price transparency in Rule 144A transactions generally will have an adverse impact on the liquidity of the market. FINRA notes that academic studies have not established a relationship between transparency and a reduction in liquidity of a specific market sector. FINRA acknowledges, however, that each market sector is different, and intends to monitor the market in Rule 144A transactions in TRACE-Eligible Securities to determine if there is an adverse impact to liquidity or other factors, as FINRA has previously done when introducing transparency in other debt market sectors.

A commenter raised concerns that investors will be confused by transparency in Rule 144A transactions. FINRA does not believe that investor confusion will result from such transparency. FINRA does not believe that non-QIB institutional customers will be confused by access to Rule 144A transaction data. First, FINRA believes that establishing separate data sets for Rule 144A transaction information avoids potential investor confusion since such transactions are not comingled with non-Rule 144A transactions and can be presented separately and clearly marked as such. In addition, such customers can use this information as an additional data point in pricing bonds that they are eligible to trade, and if they fail to recognize the Rule 144A status of the trades and think they can trade these precise bonds, their broker will advise otherwise.

For the reasons discussed above, FINRA believes that transparency should be provided in Rule 144A transactions and, accordingly, proposes to amend FINRA Rule 6750 and the TRACE dissemination protocols to provide for dissemination of Rule 144A transactions.

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 (i) as the Commission may designate up to 90 days of such date 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 such 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–FINRA–2013–029 on the subject line.

Paper Comments

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090.

All submissions should refer to File Number SR–FINRA–2013–029. 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 FINRA. 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–FINRA–2013–029 and should be submitted on or before August 15, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[42]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2013–17857 Filed 7–24–13; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–70007; File No. SR–MIAX–2013–21]

Self-Regulatory Organizations; Miami International Securities Exchange LLC; Order Approving Proposed Rule Change To Modify the Allocation of Directed Orders in Specific Limited Situations

July 19, 2013.

I. Introduction

On May 22, 2013, Miami International Securities Exchange LLC (the ''Exchange'' or ''MIAX'') filed with the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1)[1] of the Securities Exchange Act of 1934 (''Act''),[2] and Rule 19b–4 thereunder,[3] a proposed rule change to modify its practice of allocating Directed Orders. The proposed rule change was published for comment in

[42] 17 CFR 200.30–3(a)(12).

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

[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.

the **Federal Register** on June 7, 2013.[4] The Commission did not receive any comments on the proposal. This order approves the proposed rule change.

II. Description of the Proposal

The Exchange's proposal amends MIAX Rule 514 to modify the allocation of Directed Orders [5] to provide that a Directed Lead Market Maker (''DLMM'') will always receive a minimum participation allocation of at least one (1) contract. Specifically, the proposal ensures that the DLMM will be allocated a minimum of one contract in situations where, due to the Exchange's allocation calculation methodology and the fact that the Exchange system rounds down any fractional contract size allocations, the DLMM participation entitlement allocation would otherwise have resulted in the DLMM being allocated zero contracts.

Currently, MIAX Rule 514(h)(1) provides the formula used to calculate the DLMM participation entitlement. The Rule provides that the DLMM participation entitlement is equal to the greater of: (i) The proportion of the total size at the best price represented by the size of its quote; (ii) sixty percent (60%) of the contracts to be allocated if there is only one (1) other Market Maker quotation at the NBBO; or (iii) forty percent (40%) if there are two (2) or more other Market Maker quotes at the NBBO. According to MIAX, the DLMM participation entitlement algorithm works well when applied to Directed Orders of a contract size of three (3) or more. However, as MIAX explained in the Notice,[6] for Directed Orders of a contract size of two (2) or fewer, the DLMM participation entitlement allocation may result in an allocation of zero due to the fact that the Exchange system rounds down any fractional contract size allocations.[7] MIAX provided several examples in the Notice to illustrate how, in such instances, a Lead Market Maker to whom the order was specifically directed does not receive a contract allocation.

The MIAX proposal amends Rule 514(h)(1) to add a provision to ensure that DLMMs receive at least one contract of an incoming Directed Order. Thus, under the proposed rule change, a DLMM will be entitled to the greatest of: (i) The pro-rata share; (ii) 40% or 60% of the incoming Directed Order (depending on the number of other Market Makers quoting along with the DLMM, as described above); *or (iii) one (1) contract.* Accordingly, MIAX's proposal will allow the Exchange to ensure that the Electronic Exchange Member's (''EEM'') Directed Order would trade a minimum of one contract with the quote of the DLMM, when the DLMM participation entitlement applies.

III. Discussion and Commission Findings

The Commission has carefully reviewed the proposed rule change and finds that it consistent with the requirements of the Act.[8] Specifically, the Commission believes it is consistent with Section 6(b)(5) of the Act,[9] which requires, among other things, that the rules of a national securities exchange be 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 regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

The Commission notes that a Directed Order is an order that an EEM enters into the MIAX system and directs to a particular Lead Market Maker. As such, EEMs have a reasonable expectation that, in most situations when the DLMM participation entitlement applies, the EEM's Directed Order will interact and execute at least partially with the quote of the DLMM.[10] However, under MIAX's current rules, solely because of MIAX's practice of rounding down factional contract sizes [11] and its current allocation formula, Directed Orders with a contract size of two or less may result in the DLMM being allocated zero contracts. The Commission believes that it is appropriate to allow MIAX to revise its rules to account for this limited situation and ensure that DLMMs will receive at least one contract of any order that is directed to them when the DLMM's participation entitlement applies.[12] The Commission believes that this change will allow the rule to operate as anticipated by EEMs, providing greater certainty of execution with regard to Directed Orders. Further, the proposed rule change allows MIAX to effectuate one of the purposes of the Directed Order participation entitlement; namely, to reward DLMMs for attracting order flow to the Exchange.

The Commission notes that this rule change will not impact the application of other participation entitlements. For instance, MIAX Rule 514(i)(1) provides that a PLMM may receive either the PLMM entitlement or, if applicable, the DLMM entitlement, but not both. As such, although this proposal will change the allocation for Directed Orders of two or fewer contacts, it will not, in any way, affect the small order participation guarantee for PLMMs in MIAX Rule 514(g)(2) or allow DLMMs to receive both the small order participation entitlement in that rule and the Directed Order participation entitlement in Rule 514(h). Additionally, under MIAX Rule 514(h)(4), the PLMM and DLMM participation entitlements never allow for an allocation that is greater than the quantity of contracts quoted by the PLMM or DLMM. Furthermore, the Commission notes that the proposed change will not affect Priority Customers because DLMM participation entitlements may take effect only after all Priority Customer orders are satisfied.[13]

For the foregoing reasons, the Commission believes that the proposed rule change is consistent with the Act.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act [14] that the proposed rule change (SR–MIAX–2013–21), is approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[15]

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[4] *See* Securities Exchange Act Release No. 69682 (June 3, 2013), 78 FR 34417 (''Notice'').

[5] A ''Directed Order'' is an order entered into the System by an Electronic Exchange Member with a designation for a Lead Market Maker (referred to as a ''Directed Lead Market Maker''). *See* Securities Exchange Act Release No. 69507 (May 3, 2013), 78 FR 27269 (May 9, 2013) (SR–MIAX–2013–20).

[6] *See* Notice, *supra* note 4.

[7] MIAX expressed its belief in the Notice that other competing exchanges may instead round up in certain situations where there is a fractional contract size allocation. *See* Notice, *supra* note 4.

[8] 15 U.S.C. 78f. In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[9] 15 U.S.C. 78f(b)(5).

[10] The Commission notes, however, that there may be other situations where the DLMM may not have the opportunity to interact with the Directed Order. For example, the DLMM participation entitlement applies only to any remaining balance after Priority Customer orders have been satisfied. *See* MIAX Rule 514(g). MIAX Rule 100 defines ''Priority Customer'' as ''a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s).''

[11] MIAX noted that other exchanges may not have the same issue with Directed Orders because their systems round up instead of down where there are fractional contract size allocations. *See supra* note 7.

[12] *See supra* note 10 (concerning the possibility that a Priority Customer may have priority).

[13] *See* MIAX Rule 514(h).

[14] 15 U.S.C. 78f(b)(2).

[15] 17 CFR 200.30–3(a)(12).

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2013–17839 Filed 7–24–13; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–70008; File No. SR–NYSEArca–2013–70]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change To List and Trade Shares of First Trust Inflation Managed Fund

July 19, 2013.

Pursuant to Section 19(b)(1) [1] of the Securities Exchange Act of 1934 (''Act'') [2] and Rule 19b–4 thereunder,[3] notice is hereby given that, on July 8, 2013, NYSE Arca, Inc. (''Exchange'' or ''NYSE Arca'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to list and trade shares of the following under NYSE Arca Equities Rule 8.600 (''Managed Fund Shares''): First Trust Inflation Managed Fund. The text of the proposed rule change is available on the Exchange's Web site at *www.nyse.com,* at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

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

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

[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.

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 (''Shares'') of the following under NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares [4] on the Exchange: First Trust Inflation Managed Fund (''Fund'').[5] The Shares will be offered by First Trust Exchange-Traded Fund IV (the ''Trust''), which is organized as a Massachusetts business trust and is registered with the Commission as an open-end management investment company.[6]

The investment adviser to the Fund will be First Trust Advisors L.P. (the ''Adviser'' or ''First Trust''). First Trust Portfolios L.P. (the ''Distributor'') will be the principal underwriter and distributor of the Fund's Shares. Bank of New York Mellon (the ''Administrator'' or ''BNY'') will serve as administrator, custodian and transfer agent for the Fund.

[4] 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) (''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 Investment Company Units, listed and traded on the Exchange under NYSE Arca Equities Rule 5.2(j)(3), 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.

[5] The Commission has previously approved listing and trading on the Exchange of a number of actively managed funds under Rule 8.600. *See, e.g.,* Securities Exchange Act Release Nos. 57801 (May 8, 2008), 73 FR 27878 (May 14, 2008) (SR–NYSEArca–2008–31) (order approving Exchange listing and trading of twelve actively-managed funds of the WisdomTree Trust); 60460 (August 7, 2009), 74 FR 41468 (August 17, 2009) (SR–NYSEArca–2009–55) (order approving listing of Dent Tactical ETF); 62502 (July 15, 2010), 75 FR 42471 (July 21, 2010) (SR–NYSEArca–2010–57) (order approving listing of AdvisorShares WCM/BNY Mellon Focused Growth ADR ETF); 69251 (March 28, 2013), 78 FR 20162 (April 3, 2013) (SR–NYSEArca–2013–14) (order approving listing of Cambria Shareholder Yield ETF).

[6] The Trust is registered under the 1940 Act. On December 7, 2012, the Trust filed with the Commission an amendment to the Trust's registration statement on Form N–1A under the Securities Act of 1933 (''1933 Act'') and under the 1940 Act relating to the Fund (File Nos. 333–174332 and 811–22559) (''Registration Statement''). The description of the operation of the Trust and the Fund herein is based, in part, on the Registration Statement. In addition, the Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act. *See* Investment Company Act Release No. 28468 (October 27, 2008) (File No. 812–13477) (''Exemptive Order'').

Commentary .06 to Rule 8.600 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. In addition, Commentary .06 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 nonpublic information regarding the open-end fund's portfolio.[7] Commentary .06 to Rule 8.600 is similar to Commentary .03(a)(i) and (iii) to NYSE Arca Equities Rule 5.2(j)(3); however, Commentary .06 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 but is affiliated with First Trust Portfolios L.P., a broker-dealer, and 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 or any sub-adviser becomes 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 fire wall with respect to its relevant personnel or its broker-dealer affiliate regarding access to information

[7] 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.