

that such dissemination could have on liquidity.”²⁰ The other commenter asserted that dissemination of Rule 144A transactions would be in keeping with TRACE’s goal of improving transparency in the corporate debt market.²¹ This commenter also stated that the proposed rule change would enhance pre-trade price discovery, foster more competitive pricing within the Rule 144A market, and significantly improve the ability of market participants to conduct analyses of Rule 144A transactions and assess the quality of their executions.²²

IV. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities association.²³ In particular, the Commission finds that the proposed rule change is consistent with Section 15A(b)(6) of the Act,²⁴ which requires, among other things, that FINRA’s rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. The Commission notes that the only two entities that submitted comments supported the proposal.

In approving the original TRACE rules, the Commission stated that price transparency plays a fundamental role in promoting the fairness and efficiency of U.S. capital markets.²⁵ To further the goal of increasing price transparency in the debt markets in general and the market for Rule 144A securities in particular, the Commission now believes that it is reasonable and consistent with the Act for FINRA to extend post-trade price transparency to Rule 144A transactions. Real-time dissemination of last-sale information could aid dealers in deriving better quotations, because they would know the prices at which other market participants had recently transacted in the same or similar instruments. This information could aid all market participants in evaluating current quotations, because they could inquire

why dealer quotations might differ from the prices of recently executed transactions. Furthermore, post-trade transparency affords market participants a means of testing whether dealer quotations before the last sale were close to the price at which the last sale was executed. In this manner, post-trade transparency can promote price competition between dealers and more efficient price discovery, and ultimately lower transaction costs in the market for Rule 144A securities.

Although the market for Rule 144A securities remains restricted to QIBs, the Commission believes that non-QIB market participants could still benefit from post-trade transparency in the Rule 144A market. Certain Rule 144A securities are issued by the same entity as, or are otherwise similar to, corporate debt securities not issued pursuant to Rule 144A, which securities may be purchased and sold by non-QIBs. Some academic research suggests that post-trade transparency in one market can have “spillover benefits” in a related market.²⁶

In addition, the Commission believes that the proposed dissemination caps are reasonable and consistent with the Act. The caps to be employed for Rule 144A debt securities will be the same as those for other corporate debt securities, which were previously approved by the Commission.²⁷ The Commission notes that, in its Regulatory Notice 12–39, FINRA requested comment on the existing dissemination caps for transactions in corporate bonds, Agency Debt Securities, and Asset-Backed Securities, although FINRA determined not to propose changes to any of the current dissemination caps at this time. The Commission expects FINRA to periodically re-evaluate whether the dissemination caps, including the caps for Rule 144A transactions being approved today, continue to be appropriate.

The Commission further believes that establishing real-time and historic market data products for Rule 144A securities in the manner described in the proposal is reasonable and consistent with the Act. The new data sets are similar to the data sets for

corporate bonds, Agency Debt Securities, and Asset-Backed Securities, which products have previously been approved by the Commission.²⁸ The Commission notes FINRA’s representation that it will submit a separate rule filing to address the market data fees for the Rule 144A Data Set and the Historic Rule 144A Data Set. Finally, the Commission believes that the minor revisions to certain of FINRA’s market data rules are consistent with the Act.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,²⁹ that the proposed rule change (SR–FINRA–2013–029) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁰

Kevin M. O’Neill,
Deputy Secretary.

[FR Doc. 2013–22167 Filed 9–11–13; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–70335; File No. SR–ISE–2013–47]

Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to \$0.50 and \$1 Strike Price Intervals for Classes in the Short Term Option Series Program

September 6, 2013.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

²⁸ See *id.* (approving real-time dissemination of reported corporate bond transactions as part of approval of original TRACE rules); see also Securities Exchange Act Release No. 60726 (September 28, 2009), 74 FR 50991 (October 2, 2009) (approving SR–FINRA–2009–010, which expanded TRACE to include real-time dissemination of Agency-Debt Security transactions and most primary market transactions, and to create separate corporate bond and Agency-Debt Security market data sets); Securities Exchange Act Release No. 61012 (November 16, 2009), 74 FR 61189 (November 23, 2009) (approving SR–FINRA–2007–006, which established the historic TRACE market data sets for corporate bond and Agency-Debt Security transactions); Securities Exchange Act Release No. 66829 (April 18, 2012), 77 FR 24748 (April 25, 2012) (approving SR–FINRA–2012–020, which established real-time and historic market data sets for certain Asset-Backed Securities traded “To Be Announced”); Securities Exchange Act Release No. 68084 (October 23, 2012), 77 FR 65436 (October 26, 2012) (approving SR–FINRA–2012–042, which established real-time and historic market data sets for certain other Asset-Backed Securities).

²⁹ 15 U.S.C. 78s(b)(2).

³⁰ 17 CFR 200.30–3(a)(12).

²⁰ ICI Letter at 2.

²¹ See OFI Letter at 2.

²² See *id.*

²³ 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).

²⁴ 15 U.S.C. 78o-3(b)(6).

²⁵ See Securities Exchange Act Release No. 43873 (January 23, 2001), 66 FR 8131, 8136 (January 29, 2001) (approving SR–NASD–99–65) (“2001 TRACE Order”).

²⁶ See Henrik Bessembinder, William Maxwell, and Kumar Venkataraman, “Market Transparency, Liquidity Externalities, and Institutional Trading Costs in Corporate Bonds” (2005), available at <http://home.business.utah.edu/hank.bessembinder/publications/bondtransparency.pdf> (presenting a model implying and finding empirical evidence in TRACE data for what the authors term a “liquidity externality,” *i.e.*, improved market quality in certain securities that were not yet TRACE-eligible, when related securities had become subject to TRACE post-trade transparency).

²⁷ See 2001 TRACE Order, 66 FR at 8132.

(“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that, on August 28, 2013, International Securities Exchange, LLC (the “Exchange” or “ISE”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend its rules to give the Exchange the ability to initiate strike prices in more granular intervals for Short Term Options (“STOs”) in the same manner as on other options exchanges.

The text of the proposed rule change is available on the Exchange’s Internet Web site at <http://www.ise.com>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization 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 Commission recently approved the Exchange’s proposal regarding strike price intervals for certain STOs, permitting ISE to list \$0.50 strike price intervals for STOs for options classes that trade in one dollar increments and are in the Short Term Option Series Program (“STOS Program”),³ and simultaneously approved a NASDAQ OMX PHLX, LLC (“PHLX”) filing regarding \$0.50 and \$1 strike price

intervals for certain STOs that used a different methodology than ISE for STO pricing.⁴ Subsequent to the approval of these two competing methodologies, the Chicago Board Options Exchange, Inc. (“CBOE”), PHLX, NYSE Arca, Inc. (“Arca”), NYSE MKT LLC (“MKT”), and MIAX Options Exchange (“MIAX”) filed immediately effective rule changes that integrated the two prior methodologies for establishing strike price intervals for STOs.⁵ In order to remain competitive, the Exchange is now proposing to adopt a consolidated methodology for STO strike price intervals as currently employed by these other options exchanges.

The STOS Program is codified in ISE Rules 504 and 2009. These rules state that after an option class has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day, series of options on no more than thirty option classes that expire on each of the next five consecutive Fridays that are business days. In addition to the thirty option class limitation, there is also a limitation that no more than twenty series for each expiration date in those classes may be opened for trading.⁶ Furthermore, the strike price of each STO series has to be fixed with approximately the same number of strike prices being opened above and below the value of the underlying security at about the time that the STOs are initially opened for trading on the

Exchange, and with strike prices being within thirty percent (30%) above or below the closing price of the underlying security from the preceding day. The Exchange does not propose any changes to the current program limitations. The Exchange only proposes to amend Supplementary Material .12 to ISE Rule 504 (Series of Options Contracts Open for Trading) and Supplementary Material .05 to ISE Rule 2009 (Terms of Index Options Contracts) to specify that the strike price interval for STOs may be \$0.50 or greater where the strike price is less than \$75, and \$1 or greater where the strike price is between \$75 and \$150. Like the other options exchanges, ISE rules will also continue to permit strike price intervals of \$0.50 for option classes that trade in one dollar increments and are in the STOS Program.

The Exchange notes that while it believes that there is substantial overlap between the two strike price interval setting parameters, the Exchange believes there are gaps that would enable one of the options exchanges listed above to initiate a series that ISE would not be able to initiate.⁷ Since strict inter-exchange rule uniformity is not required for the STOS Programs that have been adopted by the various options exchanges, the Exchange proposes to revise its strike price intervals setting parameters so that it has the ability to initiate strike prices in the same manner (i.e., intervals) as CBOE, PHLX, Arca, MKT, and MIAX. Accordingly, the Exchange proposes to adopt rule text language substantially similar in all material respects to that adopted by the other exchanges, and in this way consolidate the two different approaches regarding strike price intervals for STOs.

The principal reason for the proposed expansion is in response to market and customer demand to list actively traded products in more granular strike price intervals, and to provide Exchange members and their customers increased trading opportunities in the STOS Program, which is one of the most popular and quickly-expanding options

⁷ The Exchange is making a distinction between initiating series and cloning series. The Exchange and the majority, if not all, of the other options exchanges that have adopted a STOS Program have a rule similar to the Exchange’s that permits the listing of series that are opened by other exchanges. See Supplementary Material .02 to Rule 504 and Supplementary Material .01 to Rule 2009. This filing is concerned with the ability to initiate series. If a class is selected to participate in the STOS Program but does not trade in dollar increments, the Exchange would not be permitted to initiate \$0.50 strikes on that class even though other options exchanges may be permitted to do so based on the strike price.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 67754 (August 29, 2012), 77 FR 54629 (September 5, 2012) (SR-ISE-2012-33).

⁴ See Securities Exchange Act Release No. 67753 (August 29, 2012), 77 FR 54635 (September 5, 2012) (SR-PHLX-2012-78).

⁵ See Securities Exchange Act Release Nos. 68074 (October 19, 2012), 77 FR 65241 (October 25, 2012) (SR-CBOE-2012-92); 69633 (May 23, 2013), 78 FR 32498 (May 30, 2013) (SR-PHLX-2013-55); 68194 (November 8, 2012), 77 FR 68172 (November 15, 2012) (SR-NYSEArca-2012-114); 68193 (November 8, 2012), 77 FR 68177 (November 15, 2012) (NYSEMKT-2012-53); 69809 (June 20, 2013), 78 FR 38416 (June 26, 2013) (SR-MIAX-2013-30).

⁶ However, if the Exchange opens less than twenty (20) short term options for a Short Term Option Expiration Date, additional series may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves substantially from the exercise price or prices of the series already opened. Any additional strike prices listed by the Exchange shall be within thirty percent (30%) above or below the current price of the underlying security. The Exchange may also open additional strike prices of STO series that are more than 30% above or below the current price of the underlying security provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers (market-makers trading for their own account shall not be considered when determining customer interest under this provision). Supplementary Material .02(d) to Rule 504 and Supplementary Material .01(d) to Rule 2009.

expiration programs. The Exchange has observed increased demand for STO classes and/or series, particularly when market moving events such as significant market volatility, corporate events, or large market, sector, or individual issue price swings have occurred. There are substantial benefits to market participants in the ability to trade eligible option classes at more granular strike price intervals. The Exchange notes that the STOS Program has been well-received by market participants, in particular by retail investors. The Exchange believes that the current proposed revisions to the STOS Program will permit the Exchange to meet increased customer demand for more granular strike prices.

With regard to the impact of this proposal on system capacity, the Exchange has analyzed its capacity and represents that it and the Options Price Reporting Authority ("OPRA") have the necessary systems capacity to handle any potential additional traffic associated with this current amendment to the STOS Program. The Exchange believes that its members will not have a capacity issue as a result of this proposal. The Exchange represents that it will monitor the trading volume associated with the additional options series listed as a result of this proposal and the effect (if any) of these additional series on market fragmentation and on the capacity of the Exchange's automated systems.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder, including the requirements of Section 6(b) of the Act.⁸ In particular, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁹ requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and to perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest.

The Exchange believes that giving it the ability to initiate strike prices in \$0.50 and \$1 intervals for STO options, as provided for in the proposed rule text, is reasonable because it will benefit investors by providing them with the flexibility to more closely tailor their

investment and hedging decisions. While the proposed rule change may generate additional quote traffic, the Exchange does not believe that any increased traffic will become unmanageable since the proposal remains limited to a fixed number of classes. The Exchange also believes that the proposed rule change will ensure competition because it will allow the Exchange to initiate series in the same strike intervals as other options exchanges, including CBOE, PHLX, Arca, MKT, and MIAX.

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

This proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act. To the contrary, the Exchange believes the proposal is pro-competitive. In this regard and as indicated above, the Exchange notes that the rule change is being proposed as a competitive response to immediately effective filings recently submitted by CBOE, PHLX, Arca, MKT, and MIAX.[sic] ISE believes this proposed rule change is necessary to permit fair competition among the options exchanges with respect to STOS Programs.

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 unsolicited 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 Act¹⁰ and Rule 19b-4(f)(6) thereunder.¹¹

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's 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 of the proposed rule change, or such shorter time

The Exchange has requested that the Commission waive the 30-day operative delay. The Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest in that it will allow ISE to offer additional STO products to traders and investors in the same manner as other exchanges.¹² In sum, the proposed rule change presents no novel issues, and waiver will allow the Exchange to remain competitive with other exchanges. Therefore, the Commission designates the proposal operative upon filing.¹³

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)¹⁴ of the Act 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. Please include File Number SR-ISE-2013-47 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-ISE-2013-47. 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

as designated by the Commission. The Exchange has satisfied this requirement.

¹² See *supra*, note 5.

¹³ For purposes only 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).

¹⁴ 15 U.S.C. 78s(b)(2)(B).

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

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-ISE-2013-47 and should be submitted on or before October 3, 2013.

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

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2013-22163 Filed 9-11-13; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-70342; File No. SR-NYSEArca-2013-71]

Self-Regulatory Organizations; NYSE Arca, Inc.; Order Granting Approval of Proposed Rule Change to List and Trade Shares of the SPDR SSgA Ultra Short Term Bond ETF; SPDR SSgA Conservative Ultra Short Term Bond ETF; and SPDR SSgA Aggressive Ultra Short Term Bond ETF under NYSE Arca Equities Rule 8.600

September 6, 2013.

I. Introduction

On July 9, 2013, NYSE Arca, Inc. ("Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act")¹ and Rule 19b-4

thereunder,² a proposed rule change to list and trade shares ("Shares") of the SPDR SSgA Ultra Short Term Bond ETF; SPDR SSgA Conservative Ultra Short Term Bond ETF; and SPDR SSgA Aggressive Ultra Short Term Bond ETF (each a "Fund" and collectively, "Funds") under NYSE Arca Equities Rule 8.600. The proposed rule change was published for comment in the **Federal Register** on July 24, 2013.³ The Commission received no comments on the proposed rule change. This order grants approval of the proposed rule change.

II. Description of the Proposed Rule Change

The Exchange proposes to list and trade Shares of the Funds under NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares on the Exchange. The Shares will be offered by SSgA Active ETF Trust ("Trust"), which is organized as a Massachusetts business trust and is registered with the Commission as an open-end management investment company.⁴ The investment adviser to the Funds will be SSgA Funds Management, Inc. ("Adviser"). State Street Global Markets, LLC ("Distributor") will be the principal underwriter and distributor of the Funds' Shares. State Street Bank and Trust Company ("Administrator," "Custodian," or "Transfer Agent") will serve as administrator, custodian, and transfer agent for the Funds.

The Exchange states that the Adviser is not a broker-dealer but is affiliated with a broker-dealer and has implemented a fire wall with respect to its broker-dealer affiliate regarding access to information concerning the composition of and changes to the Funds' portfolio.⁵

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 70005 (July 18, 2013), 78 FR 44609 ("Notice").

⁴ The Trust is registered under the Investment Company Act of 1940 ("1940 Act"). On August 2, 2012, the Trust filed with the Commission an amendment to its registration statement on Form N-1A under the Securities Act of 1933 ("Securities Act") and the 1940 Act relating to the Funds (File Nos. 333-173276 and 811-22542) ("Registration Statement"). The Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act. See Investment Company Act Release No. 29524 (December 13, 2010) (File No. 812-13487) ("Exemptive Order").

⁵ See NYSE Arca Equities Rule 8.600, Commentary .06. 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 concerning the composition of and changes to a portfolio, and will be subject to procedures designed to prevent

SPDR SSgA Ultra Short Term Bond ETF

The SPDR SSgA Ultra Short Term Bond ETF will seek to provide current income consistent with preservation of capital and daily liquidity through short duration high quality investments.

Under normal circumstances,⁶ the Fund will invest all of its assets in the SSgA Ultra Short Term Bond Portfolio ("Bond Portfolio"), a separate series of the SSgA Master Trust with an identical investment objective as the Fund. As a result, the Fund will invest indirectly through the Bond Portfolio.

The Adviser will invest, under normal circumstances, at least 80% of the Bond Portfolio's net assets (plus the amount of borrowings for investment purposes) in a diversified portfolio of U.S. dollar-denominated investment grade fixed income securities. The Bond Portfolio primarily will invest in investment grade fixed income securities that are rated a minimum of the lowest A rating by any Nationally Recognized Statistical Ratings Organization ("NRSRO"), or, if unrated, determined by the management team (who are employees of the Adviser) to be of equivalent quality.⁷ The Bond Portfolio will invest in fixed and floating rate securities of varying maturities,⁸ such as corporate obligations (including commercial paper of U.S. and foreign entities, master demand notes (subject to the 15% illiquid securities limit), and medium term notes); government bonds (including U.S. Treasury Bills, notes, and bonds); agency securities, including U.S. government agency securities, and non-U.S. sovereign and supranational debt; privately-issued securities (which,

the use and dissemination of material non-public information regarding such portfolio.

⁶ The term "under normal circumstances" includes, but is not limited to, the absence of extreme volatility or trading halts in the fixed income 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.

⁷ According to the Adviser, the Adviser may determine that unrated securities are of "equivalent quality" based on such credit quality factors that it deems appropriate, which may include, among other things, performing an analysis similar, to the extent possible, to that performed by an NRSRO when rating similar securities and issuers. In making such a determination, the Adviser may consider internal analyses and risk ratings, third party research and analysis, and other sources of information, as deemed appropriate by the Adviser.

⁸ A floating rate security provides for the automatic adjustment of its interest rate whenever a specified interest rate changes. Interest rates on these securities are ordinarily tied to, and are a percentage of, a widely recognized interest rate, such as the yield on 90-day U.S. Treasury bills or the prime rate of a specified bank. These rates may change as often as twice daily.

¹⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).