

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-73471; File No. SR-NASDAQ-2014-080)

October 30, 2014

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Order Granting Approval of a Proposed Rule Change, as Modified by Amendment No. 1 Thereto, Relating to the Listing and Trading of the Shares of the PowerShares DB Optimum Yield Diversified Commodity Strategy Portfolio, PowerShares Agriculture Commodity Strategy Portfolio, PowerShares Precious Metals Commodity Strategy Portfolio, PowerShares Energy Commodity Strategy Portfolio, PowerShares Base Metals Commodity Strategy Portfolio and PowerShares Bloomberg Commodity Strategy Portfolio, Each a Series of PowerShares Actively Managed Exchange-Traded Commodity Fund Trust

I. Introduction

On August 29, 2014, The NASDAQ Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change to list and trade the shares (“Shares”) of the PowerShares DB Optimum Yield Diversified Commodity Strategy Portfolio, PowerShares Agriculture Commodity Strategy Portfolio, PowerShares Precious Metals Commodity Strategy Portfolio, PowerShares Energy Commodity Strategy Portfolio, PowerShares Base Metals Commodity Strategy Portfolio, and PowerShares Bloomberg Commodity Strategy Portfolio (individually, “Fund,” and collectively, “Funds”), each a series of PowerShares Actively Managed Exchange-Traded Commodity Fund Trust (“Trust”). On September 8, 2014, the Exchange filed Amendment No. 1 to the proposed rule change.³ The proposed rule change, as modified by Amendment No. 1 thereto, was published

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ In Amendment No. 1, the Exchange changed the name of the “PowerShares Diversified Commodity Strategy Portfolio” to “PowerShares DB Optimum Yield Diversified Commodity Strategy Portfolio,” and changed the name of the “PowerShares Balanced Commodity Strategy Portfolio” to “PowerShares Bloomberg Commodity Strategy Portfolio.”

for comment in the Federal Register on September 17, 2014.⁴ The Commission received no comments on the proposed rule change. This order grants approval of the proposed rule change.

II. Description of Proposed Rule Change

The Exchange proposes to list and trade the Shares of each Fund under Nasdaq Rule 5735, which governs the listing and trading of Managed Fund Shares on the Exchange. Each Fund will be an actively managed exchange-traded fund (“ETF”). Each Fund’s Shares will be offered by the Trust, which was established as a Delaware statutory trust on December 23, 2013.⁵ Each Fund is a series of the Trust. Invesco PowerShares Capital Management LLC will be the investment adviser (“Adviser”) to the Funds.⁶ Invesco Distributors, Inc. (“Distributor”)

⁴ See Securities Exchange Act Release No. 73078 (Sept. 11, 2014), 79 FR 55851 (“Notice”).

⁵ According to the Exchange, 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. See Registration Statement on Form N-1A for the Trust, dated May 20, 2014 (File Nos. 333-193135 and 811-22927). The Exchange states that the Commission has issued an order granting certain exemptive relief to affiliates of the Trust, and which extends to the Trust, under the Investment Company Act of 1940 (“1940 Act”). See Investment Company Act Release No. 30029 (Apr. 10, 2012) (File No. 812-13795).

⁶ The Exchange states that, although the Adviser is not a broker-dealer, the Adviser is affiliated with the Distributor, which is a broker-dealer. The Exchange represents that 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 a Fund’s portfolio (including the portfolio of a Subsidiary, as defined herein). Nasdaq Rule 5735(g) 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 (including the portfolio of a Subsidiary, as defined herein). In addition, the Exchange represents that in the event (a) the Adviser registers as a broker-dealer or 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, the Adviser will implement a fire wall with respect to its relevant personnel or such broker-dealer affiliate, as applicable, regarding access to information concerning the composition and changes to the portfolio, and the Adviser will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio. The Exchange also states that the Funds do not currently intend to use a sub-adviser.

will be the principal underwriter and distributor of each Fund's Shares. The Bank of New York Mellon will act as the administrator, accounting agent, custodian, and transfer agent to the Funds.

The Exchange has made the following representations and statements in describing the Funds and their principal investments (including those of the Subsidiaries, as defined herein), other investments, and investment restrictions.⁷

Principal Investment Strategies Applicable to Each Fund

Each Fund's investment objective will be to seek long term capital appreciation. Each Fund will be an actively managed ETF that will seek to achieve its investment objective by investing, under normal circumstances,⁸ in a combination of securities and futures contracts, either directly or through each Fund's own wholly-owned subsidiary controlled by such Fund and organized under the laws of the Cayman Islands (individually, "Subsidiary," and collectively, "Subsidiaries").⁹ Each Fund will invest in: (i) its respective Subsidiary; (ii)

⁷ The Commission notes that additional information regarding the Trust, the Funds, and the Shares, including investment strategies, risks, creation and redemption procedures, calculation of net asset value ("NAV"), fees, portfolio holdings disclosure policies, distributions, and taxes, among other things, can be found in the Notice and Registration Statement, as applicable. See supra notes 4 and 5, respectively.

⁸ The term "under normal circumstances" includes, but is not limited to, the absence of extreme volatility or trading halts in the equity, commodities and futures 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.

⁹ According to the Exchange, all of the exchange-traded securities held by a Fund will be traded in a principal trading market that is a member of the Intermarket Surveillance Group ("ISG") or a market with which the Exchange has a comprehensive surveillance sharing agreement. The Exchange states that with respect to futures contracts held indirectly through a Subsidiary, not more than 10% of the weight of such futures contracts in the aggregate shall consist of instruments whose principal trading market is not a member of the ISG or a market with which the Exchange does not have a comprehensive surveillance sharing agreement.

exchange-traded products or exchange-traded commodity pools;¹⁰ and (iii) U.S. Treasury Securities,¹¹ money market mutual funds, high quality commercial paper, and similar instruments, as described more fully below. Each respective Subsidiary will invest in exchange-traded commodity futures contracts (“Commodities”). The Commodities generally will be components of certain benchmark indices, as set forth below for each Fund, but each Subsidiary also may invest in Commodities that are outside of those benchmark indices.¹²

Each Fund’s investments will include investments directly in other ETFs,¹³ to the extent

¹⁰ Specifically, the Funds will invest in: (1) ETFs that provide exposure to commodities as would be listed under Nasdaq Rules 5705 and 5735; (2) exchange-traded notes (“ETNs”) that provide exposure to commodities as would be listed under Nasdaq Rule 5710; or (3) exchange-traded pooled investment vehicles that invest primarily in commodities and commodity-linked instruments as would be listed under Nasdaq Rules 5711(b), (d), (f), (g), (h), (i), and (j) (“Commodity Pool” or “Commodity Pools”).

¹¹ U.S. Treasury obligations are backed by the “full faith and credit” of the U.S. government.

¹² In addition, each Subsidiary may, for administrative convenience, also invest in U.S. Treasury Securities, money market mutual funds, high quality commercial paper, and similar instruments, as discussed more fully below, for purposes of collateralizing investments in Commodities. Although each Fund’s Subsidiary generally will hold many of the Commodities that are components of that Fund’s respective benchmark index (“Benchmark”), each Subsidiary (and its respective parent Fund) will be actively managed by the Adviser and will not be obligated to invest in all of (or limit its investments solely to) the component Commodities within its respective Benchmark. Each Subsidiary (and its respective parent Fund) also will not be obligated to invest in the same amount or proportion as its respective Benchmark, or be obligated to track the performance of a Benchmark or of any index. Rather, the Adviser will determine the weightings of these investments by using a rules-based approach that is designed to ensure that the relative weight of each investment within a Fund’s Subsidiary reflects the Adviser’s view of the economic significance and market liquidity of the corresponding, underlying physical commodities.

¹³ An ETF is an investment company registered under the 1940 Act that holds a portfolio of securities. Many ETFs are designed to track the performance of a securities index, including industry, sector, country and region indexes. ETFs included in a Fund will be listed and traded in the U.S. on registered exchanges. Each Fund may invest in the securities of other ETFs in excess of the limits imposed under the 1940 Act pursuant to exemptive relief obtained by an affiliate of the Trust that also applies to the Trust. The ETFs in which a Fund may invest include Index Fund Shares (as described in Nasdaq

permitted under the 1940 Act,¹⁴ or ETNs that provide exposure to the relevant Commodities.

Each Fund also may invest in a Commodity Pool that is designed to track the performance of the applicable Benchmark through investments in Commodities.

The Exchange notes that no Fund will invest directly in Commodities. However, each Fund expects to gain significant exposure to Commodities indirectly by investing directly in the applicable Subsidiary. Each Fund's investment in its applicable Subsidiary may not exceed 25% of such Fund's total assets at each quarter end of such Fund's fiscal year. In addition, the Exchange states that no Fund or Subsidiary will invest directly in physical commodities. The remainder of a Fund's assets that are not invested in ETFs, ETNs, Commodity Pools, or its Subsidiary will be invested in U.S. government securities,¹⁵ money market instruments,¹⁶ cash and cash equivalents (e.g., corporate commercial paper).¹⁷ Each Fund will use these assets to

Rule 5705), Portfolio Depositary Receipts (as described in Nasdaq Rule 5705), and Managed Fund Shares (as described in Nasdaq Rule 5735).

¹⁴ The shares of ETFs in which a Fund may invest will be limited to securities that trade in markets that are members of the ISG, which includes all U.S. national securities exchanges, or are parties to a comprehensive surveillance sharing agreement with the Exchange.

¹⁵ Such securities will include securities that are issued or guaranteed by the U.S. Treasury, by various agencies of the U.S. government, or by various instrumentalities, which have been established or sponsored by the U.S. government. U.S. Treasury obligations are backed by the "full faith and credit" of the U.S. government. Securities issued or guaranteed by federal agencies and U.S. government-sponsored instrumentalities may or may not be backed by the full faith and credit of the U.S. government.

¹⁶ For a Fund's purposes, money market instruments will include: short-term, high quality securities issued or guaranteed by non-U.S. governments, agencies, and instrumentalities; non-convertible corporate debt securities with remaining maturities of not more than 397 days that satisfy ratings requirements under Rule 2a-7 of the 1940 Act; money market mutual funds; and deposits and other obligations of U.S. and non-U.S. banks and financial institutions.

¹⁷ The remainder of a Subsidiary's assets, if any, may be invested (like its respective Fund's assets) in these assets to serve as margin or collateral or otherwise support the Subsidiary's positions in Commodities.

provide liquidity and to collateralize the Subsidiary's investments in the applicable Commodities.

Principal Investments For Each Fund

PowerShares DB Optimum Yield Diversified Commodity Strategy Portfolio

According to the Exchange, this Fund will seek to achieve its investment objective through indirect investments that provide exposure to a diverse group of the most heavily traded physical commodities in the world. The Fund's indirect investments in commodities primarily will include futures contracts contained in DBIQ Optimum Yield Diversified Commodity Index Excess Return (which the Exchange states is the Fund's Benchmark), an index composed of futures contracts on 14 heavily traded commodities in the energy, precious metals, industrial metals, and agriculture sectors.

PowerShares Agriculture Strategy Portfolio

The Exchange states that this Fund will seek to achieve its investment objective through indirect investments that provide exposure to physical commodities within the agriculture sector. The Fund's indirect investments in commodities primarily will include futures contracts contained in DBIQ Diversified Agriculture Index Excess Return (which the Exchange states is the Fund's Benchmark), an index composed of futures contracts on 11 of the most liquid and widely traded agricultural commodities, including corn, soybeans, wheat, Kansas City wheat, sugar, cocoa, coffee, cotton, live cattle, feeder cattle, and lean hogs.

PowerShares Precious Metals Strategy Portfolio

According to the Exchange, this Fund will seek to achieve its investment objective through indirect investments that provide exposure to two of the most important precious metals – gold and silver. The Fund's indirect investments in commodities primarily will include futures

contracts contained in DBIQ Optimum Yield Precious Metals Index Excess Return (which the Exchange states is the Fund's Benchmark), an index composed of futures contracts on gold and silver.

PowerShares Energy Strategy Portfolio

The Exchange states that this Fund will seek to achieve its investment objective through indirect investments that provide exposure to physical commodities within the energy sector. The Fund's indirect investments in commodities primarily will include futures contracts contained in DBIQ Optimum Yield Energy Index Excess Return (which the Exchange states is the Fund's Benchmark), an index composed of futures contracts on heavily traded energy commodities, including light sweet crude oil (WTI), heating oil, Brent crude oil, RBOB gasoline, and natural gas.

PowerShares Base Metals Strategy Portfolio

The Exchange states that this Fund will seek to achieve its investment objective through indirect investments that provide exposure to the most widely used physical commodities within the base metals sector. The Fund's indirect investments in commodities primarily will include futures contracts contained in DBIQ Optimum Yield Industrial Metals Index Excess Return (which the Exchange states is the Fund's Benchmark), an index composed of futures contracts on physical commodities in the base metals sector, including aluminum, zinc, and Grade A copper.

PowerShares Bloomberg Commodity Strategy Portfolio

According to the Exchange, this Fund will seek to achieve its investment objective through indirect investments that provide exposure to a broadly diversified representation of the commodity markets. The Fund's indirect investments in commodities primarily will include futures contracts contained in the Bloomberg Commodity Total Return Index (which the

Exchange states is the Fund's Benchmark), a diversified index composed of futures contracts on various physical commodities across seven industry sectors. Historically, the Benchmark has included futures contracts on the following: aluminum, Brent Crude oil, coffee, copper, corn, cotton, gold, heating oil, Kansas wheat, lean hogs, live cattle, natural gas, nickel, silver, soybeans, soybean meal, soybean oil, sugar, unleaded gasoline, wheat, West Texas Intermediate crude oil, and zinc.

Investments of the Subsidiaries

According to the Exchange, each Subsidiary will be wholly-owned and controlled by the applicable Fund, and its investments will be consolidated into such Fund's financial statements. A Fund's investment in its Subsidiary will be designed to help such Fund achieve exposure to Commodities returns in a manner consistent with the federal tax requirements applicable to regulated investment companies, such as the Funds, which limit the ability of investment companies to invest directly in the derivative instruments.

Each Subsidiary will invest in Commodities. The remainder of a Subsidiary's assets, if any, may be invested (like its respective Fund's assets) in U.S. government securities, money market instruments, cash, and cash equivalents intended to serve as margin or collateral or otherwise support the Subsidiary's positions in Commodities. The Exchange states that each respective Subsidiary will therefore be subject to the same general investment policies and restrictions as the applicable Fund, except that unlike such Fund, which must invest in assets in compliance with the requirements of Subchapter M of the Internal Revenue Code, a Subsidiary may invest without limitation in Commodities. References to the investment strategies and risks of each Fund include the investment strategies and risks of the applicable Subsidiary. Each

Subsidiary will be advised by the Adviser.¹⁸

As a result of the instruments that each Fund will hold indirectly, the Funds and the Subsidiaries are subject to regulation by the Commodity Futures Trading Commission and the National Futures Association (“NFA”), as well as additional disclosure, reporting, and recordkeeping rules imposed upon commodity pools.¹⁹

Other Investments

Each Fund may invest (either directly or through its Subsidiary) in U.S. government securities, money market instruments, cash and cash equivalents (e.g., corporate commercial paper) to provide liquidity and to collateralize the Subsidiary’s investments in Commodities. The instruments in which each Fund, or its respective Subsidiary, can invest include any one or more of the following: (i) short-term obligations issued by the U.S. government;²⁰ (ii) short term

¹⁸ The Exchange states that the Subsidiaries will not be registered under the 1940 Act, and that, as an investor in a Subsidiary, a Fund, as that Subsidiary’s sole shareholder, will not have the protections offered to investors in registered investment companies. However, because each Fund will wholly own and control its respective Subsidiary, and each Fund and its respective Subsidiary will be managed by the Adviser, no Subsidiary will take action contrary to the interests of its Fund or its Fund’s shareholders. The Trust’s Board (“Board”) will have oversight responsibility for the investment activities of each Fund, including its expected investments in its Subsidiary, and that Fund’s role as the sole shareholder of such Subsidiary. The Adviser will receive no additional compensation for managing the assets of each Subsidiary. Also, in managing a Subsidiary’s portfolio, the Adviser will be subject to the same investment restrictions and operational guidelines that apply to the management of a Fund. Each Subsidiary also will 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 applicable Fund.

¹⁹ The Exchange represents that the Adviser has previously registered as a commodity pool operator and is also a member of the NFA.

²⁰ Each Fund may invest in U.S. government obligations. Obligations issued or guaranteed by the U.S. government, its agencies and instrumentalities include bills, notes and bonds issued by the U.S. Treasury, as well as “stripped” or “zero coupon” U.S. Treasury obligations representing future interest or principal payments on U.S. Treasury notes or bonds. See supra note 11.

negotiable obligations of commercial banks, fixed time deposits and bankers' acceptances of U.S. banks and similar institutions;²¹ (iii) commercial paper rated at the date of purchase "Prime-1" by Moody's Investors Service, Inc. or "A-1+" or "A-1" by Standard & Poor's or, if unrated, of comparable quality, as the Adviser to the Funds determines; and (iv) money market mutual funds, including affiliated money market mutual funds.

In addition, according to the Exchange, each Fund's investment in securities of other investment companies (including money market funds) may exceed the limits permitted under the 1940 Act, in accordance with certain terms and conditions set forth in a Commission exemptive order issued to an affiliate of the Trust (which applies equally to the Trust) pursuant to Section 12(d)(1)(J) of the 1940 Act. The Exchange states that no Fund, or its respective Subsidiary, anticipates investing in options, swaps, or forwards.

Investment Restrictions

Each Fund may not concentrate its investments (i.e., invest more than 25% of the value of its net assets) in securities of issuers in any one industry or group of industries. This restriction will not apply to obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities.

Each Subsidiary's shares will be offered only to the applicable Fund and such Fund will not sell shares of that Subsidiary to other investors. Each Fund and the applicable Subsidiary will not invest in any non-U.S. equity securities (other than shares of the Subsidiary).

Each Fund may hold up to an aggregate amount of 15% of its net assets in illiquid securities and other illiquid assets (calculated at the time of investment). Each Fund will monitor

²¹ Time deposits are non-negotiable deposits maintained in banking institutions for specified periods of time at stated interest rates. Banker's acceptances are time drafts drawn on commercial banks by borrowers, usually in connection with international transactions.

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 securities or other illiquid assets.²²

Each Fund intends to qualify for and to elect to be treated as a separate regulated investment company under Subchapter M of the Internal Revenue Code.

Each Fund's and its respective Subsidiary's investments will be consistent with that Fund's investment objective. In pursuing its investment objective, a Fund may utilize instruments that have a leveraging effect on that Fund. This effective leverage occurs when a Fund's market exposure exceeds the amounts actually invested. The Exchange represents that any instance of effective leverage will be covered in accordance with guidance promulgated by the Commission and its staff. According to the Exchange, each Fund does not presently intend to engage in any form of borrowing for investment purposes, and will not be operated as "leveraged ETFs," *i.e.*, it will not be operated in a manner designed to seek a multiple of the performance of an underlying reference index.

III. Discussion and Commission Findings

After careful review, the Commission finds that the Exchange's proposal to list and trade the Shares is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange.²³ In particular, the Commission finds that the proposed rule change

²² Illiquid securities and other 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.

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).

is consistent with Section 6(b)(5) of the Act,²⁴ which requires, among other things, that the Exchange's rules 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 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 the Funds and the Shares must comply with the requirements of Nasdaq Rule 5735 to be listed and traded on the Exchange.

The Commission finds that the proposal to list and trade the Shares on the Exchange is consistent with Section 11A(a)(1)(C)(iii) of the Act,²⁵ which sets forth Congress' finding that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with respect to quotations for, and transactions in, securities. 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. In addition, for each Fund, an estimated value, defined in Nasdaq Rule 5735(c)(3) as the "Intraday Indicative Value,"²⁶ will be available on the NASDAQ OMX Information LLC proprietary index data service,²⁷ and will be updated and widely disseminated by one or more

²⁴ 15 U.S.C. 78f(b)(5).

²⁵ 15 U.S.C. 78k-1(a)(1)(C)(iii).

²⁶ According to the Exchange, the Intraday Indicative Value for each Fund will reflect an estimated intraday value of such Fund's portfolio (including the Subsidiary's portfolio) and will be based upon the current value for the components of a Disclosed Portfolio.

²⁷ Currently, the NASDAQ OMX Global Index Data Service ("GIDS") is the NASDAQ OMX global index data feed service. The Exchange represents that GIDS offers real-time updates, daily summary messages, and access to widely followed indexes and

major market data vendors and broadly displayed at least every 15 seconds during the Regular Market Session.²⁸ On each business day, before commencement of trading in Shares in the Regular Market Session on the Exchange, each Fund will disclose on its website the Disclosed Portfolio, as defined in Nasdaq Rule 5735(c)(2), that will form the basis for each Fund's calculation of NAV at the end of the business day.²⁹

The Funds' administrator will calculate each Fund's NAV as of the close of trading (normally 4:00 p.m., Eastern Time) on each day Nasdaq is open for business.³⁰ Information

Intraday Indicative Values for ETFs, and that 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

²⁸ See Nasdaq Rule 4120(b)(4) (describing the three trading sessions on the Exchange: (1) Pre-Market Session from 4:00 a.m. to 9:30 a.m., Eastern Time; (2) Regular Market Session from 9:30 a.m. to 4:00 p.m. or 4:15 p.m., Eastern Time; and (3) Post-Market Session from 4:00 p.m. or 4:15 p.m. to 8:00 p.m., Eastern Time).

²⁹ The Disclosed Portfolio will include, as applicable, the names, quantity, percentage weighting and market value of securities and other assets held by a Fund and the Subsidiary and the characteristics of such assets. The website and information will be publicly available at no charge.

³⁰ NAV per Share will be calculated for a Fund by taking the market price of such Fund's total assets, including interest or dividends accrued but not yet collected, less all liabilities, dividing such amount by the total number of Shares outstanding, rounded to the nearest cent (although creations and redemptions will be processed using a price denominated to the fifth decimal point, meaning that rounding to the nearest cent may result in different prices in certain circumstances). All valuations will be subject to review by the Board or its delegate. Expenses will be accrued and applied daily and securities and other assets for which market quotations are readily available will be valued at market value. Securities listed or traded on an exchange generally will be valued at the last sales price or official closing price that day as of the close of the exchange where the security primarily is traded. Commodities will be valued at the closing price in the market where such contracts are principally traded. Investment company shares will be valued at net asset value, unless the shares are exchange-traded, in which case they will be valued at the last sale or official closing price on the market on which they primarily trade. ETNs will be valued at the last sale or official closing price on the market on which they primarily trade. Commodity Pools will be valued at the last sale or official closing price on the market on which they primarily trade. U.S. government securities will be valued at the mean price provided by a third party vendor for U.S. government securities. Short term money market instruments, cash and cash

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. Information regarding 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 any underlying exchange-traded instruments (including ETFs, ETNs, and Commodity Pools) will also be available via the quote and trade service of their respective primary exchanges, as well as in accordance with the Unlisted Trading Privileges and the Consolidated Tape Association plans. Quotation and last-sale information for any underlying Commodities will be available via the quote and trade service of their respective primary exchanges. Pricing information related to U.S. government securities, money market mutual funds, commercial paper, and other short-term investments held by a Fund or its Subsidiary will be available through publicly available quotation services, such as Bloomberg, Markit, and Thomson Reuters. The Funds' website (www.invescopowershares.com), which will be publicly available prior to the public offering of Shares, will include a form of the prospectus for each Fund and additional data relating to NAV and other applicable quantitative information.³¹

The Commission further believes that the proposal to list and trade the Shares is

equivalents (including corporate commercial paper, negotiable obligations of commercial banks, fixed time deposits, bankers acceptances and similar securities) will be valued in accordance with the Trust's valuation policies and procedures approved by the Board. A Fund's investment in its Subsidiary will be valued by aggregating the value of the Subsidiary's underlying holdings, and they, in turn, will be valued as discussed above.

³¹ The Funds' website will include the Share'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") 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.

reasonably designed to promote fair disclosure of information that may be necessary to price the Shares appropriately and to prevent trading when a reasonable degree of transparency cannot be assured. 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. Nasdaq will halt trading in the Shares under the conditions specified in Nasdaq Rules 4120 and 4121, including the trading pause provisions under Nasdaq Rules 4120(a)(11) and (12). Trading in the Shares may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in a Fund's Shares inadvisable,³² and trading in the Shares will be subject to Nasdaq Rule 5735(d)(2)(D), which sets forth additional circumstances under which trading in Shares of a Fund may be halted. The Exchange states that it has a general policy prohibiting the distribution of material, non-public information by its employees. Further, the Commission notes that the Reporting Authority, as defined in Nasdaq Rule 5735(c)(4), that provides the Disclosed Portfolio must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material, non-public information regarding the actual components of the portfolio.³³ In addition, the Exchange states that, while the Adviser is not registered as a broker-dealer, the Adviser is affiliated with a broker-dealer and has implemented a fire wall with respect to that broker-dealer regarding access to information concerning the composition of, or changes to, the portfolio, and that personnel who make decisions on each Fund's portfolio composition

³² These reasons may include: (1) the extent to which trading is not occurring in the securities and other assets constituting the Disclosed Portfolio of a Fund and the applicable Subsidiary; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. 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 a Fund.

³³ See Nasdaq Rule 5735(d)(2)(B)(ii).

will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding each Fund's portfolio.³⁴

The Exchange represents that trading in the Shares will be subject to the existing trading surveillances, administered by both Nasdaq and 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.³⁵ In addition, the Exchange may obtain information from the Trade Reporting and Compliance Engine ("TRACE"), which is the FINRA-developed vehicle that facilitates mandatory reporting of over-the-counter secondary market transactions in eligible fixed income securities. Prior to the commencement of trading, the Exchange states that it will inform its members in an Information Circular of the special characteristics and risks associated with trading the Shares.

The Exchange represents that the Shares are deemed to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of

³⁴ See *supra* note 6. The Exchange states that an investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 ("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.

³⁵ The Exchange states that FINRA surveils trading on the Exchange pursuant to a regulatory services agreement and that the Exchange is responsible for FINRA's performance under this regulatory services agreement.

equity securities. In support of this proposal, the Exchange has made the following representations:

- (1) The Shares will conform to the initial and continued listing criteria applicable to Managed Fund Shares, as set forth under Rule 5735.
- (2) The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions.
- (3) Trading in the Shares will be subject to the existing trading surveillances, administered by both Nasdaq and FINRA, on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws, and 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. FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares, Commodities, ETFs, ETNs, and Commodity Pools held by a Fund or a Fund's Subsidiary, as applicable, with other markets and other entities that are members of the ISG,³⁶ and FINRA may obtain trading information regarding trading in the Shares, Commodities, ETFs, ETNs, and Commodity Pool held by such Fund, or its Subsidiary, as applicable, from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares, Commodities, ETFs, ETNs, and Commodity Pools held by a Fund or its respective Subsidiary from markets and other entities that are members of ISG, which includes securities and futures exchanges, or with which the Exchange has in place a comprehensive surveillance sharing agreement. FINRA, on behalf of the Exchange, is also able to access, as needed, trade

³⁶ 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.

information for certain fixed income securities held by a Fund reported to FINRA's TRACE.

(4) All of the exchange-traded securities held by a Fund will be traded in a principal trading market that is a member of ISG or a market with which the Exchange has a comprehensive surveillance sharing agreement. With respect to Commodities held indirectly through a Subsidiary, not more than 10% of the weight of such Commodities, in the aggregate, shall consist of instruments whose principal trading market is not a member of ISG or a market with which the Exchange does not have a comprehensive surveillance sharing agreement.

(5) 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: (a) the procedures for purchases and redemptions of Shares in creation units (and that Shares are not individually redeemable); (b) Nasdaq Rule 2111A, which imposes suitability obligations on Nasdaq members with respect to recommending transactions in the Shares to customers; (c) how and by whom information regarding the Intraday Indicative Value and Disclosed Portfolio is disseminated, including how it is made available and by whom; (d) 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; (e) the requirement that members deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (f) trading information.

(6) For initial and continued listing, each Fund and its respective Subsidiary must be in compliance with Rule 10A-3 under the Act.³⁷

(7) Each Fund may hold up to an aggregate amount of 15% of its net assets in illiquid

³⁷ See 17 CFR 240.10A-3.

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.

(8) No Fund will invest directly in Commodities. However, each Fund expects to gain significant exposure to Commodities indirectly by investing directly in the applicable Subsidiary. Each Fund's investment in its applicable Subsidiary may not exceed 25% of such Fund's total assets at each quarter end of such Fund's fiscal year. Each Fund and the applicable Subsidiary will not invest in any non-U.S. equity securities (other than shares of the Subsidiary).

(9) No Fund or Subsidiary will invest directly in physical commodities.

(10) Each Fund's Subsidiary will invest in Commodities. The Commodities generally will be components of the Benchmark for each Fund, but each Subsidiary also may invest in Commodities that are outside of the Benchmark.

(11) Each Fund's and its respective Subsidiary's investments will be consistent with that Fund's investment objectives. In pursuing its investment objective, a Fund may utilize instruments that have a leveraging effect on that Fund. Any instance of effective leverage will be covered in accordance with guidance promulgated by the Commission and its staff. Each Fund does not presently intend to engage in any form of borrowing for investment purposes, and will not be operated as "leveraged ETFs, i.e., it will not be operated in a manner designed to seek a multiple of the performance of an underlying reference index.

(12) A minimum of 100,000 Shares of each Fund will be outstanding at the commencement of trading on the Exchange.

This approval order is based on all of the Exchange's representations, including those set forth above and in the Notice, and the Exchange's description of the Funds.

For the foregoing reasons, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act³⁸ and the rules and regulations thereunder applicable to a national securities exchange.

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,³⁹ that the proposed rule change (SR-NASDAQ-2014-080), as modified by Amendment No. 1 thereto, be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴⁰

Brent J. Fields
Secretary

³⁸ 15 U.S.C. 78f(b)(5).

³⁹ 15 U.S.C. 78s(b)(2).

⁴⁰ 17 CFR 200.30-3(a)(12).