

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-78654; File No. SR-NASDAQ-2016-117)

August 23, 2016

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Elkhorn Commodity Rotation Strategy ETF of the Elkhorn ETF Trust

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on August 11, 2016, The NASDAQ Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by Nasdaq. 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

Nasdaq proposes a rule change relating to the Elkhorn Commodity Rotation Strategy ETF (formerly, the Elkhorn Dorsey Wright Commodity Rotation Portfolio) (the “Fund”) of Elkhorn ETF Trust (the “Trust”), the shares of which have been approved by the Commission for listing and trading under Nasdaq Rule 5735 (“Managed Fund Shares”). The proposed rule change reflects (i) a change to the name of the Fund, and (ii) a change to the name and ownership of the benchmark index applicable to the Fund. The shares of the Fund are collectively referred to herein as the “Shares.”

The text of the proposed rule change is available at <http://nasdaq.cchwallstreet.com/>, at Nasdaq’s principal office, and at the Commission’s Public Reference Room.

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

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

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

In its filing with the Commission, Nasdaq included statements concerning the purpose of, and basis for, the proposed rule change 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. Nasdaq has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Commission previously approved the listing and trading of the Shares under Nasdaq Rule 5735, which governs the listing and trading of Managed Fund Shares on the Exchange.<sup>3</sup> However, no Shares are currently listed and traded on the Exchange. The Exchange believes the proposed rule change reflects no significant issues not previously addressed in the Prior Release.

The Fund is an actively managed exchange-traded fund (“ETF”). The Shares will be offered by the Trust, which was organized as a Massachusetts business trust on December 12, 2013. The Trust, which is registered with the Commission as an investment company, has filed a

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<sup>3</sup> The Commission approved Nasdaq Rule 5735 (formerly Nasdaq Rule 4420(o)) in Securities Exchange Act Release No. 57962 (June 13, 2008), 73 FR 35175 (June 20, 2008) (SR-NASDAQ-2008-039). The Commission previously approved the listing and trading of the Shares of the Fund. See Securities Exchange Act Release No. 77688 (April 22, 2016), 81 FR 25467 (April 28, 2016) (SR-NASDAQ-2016-030) (“Prior Order”). See also Securities Exchange Act Release No. 77338 (March 10, 2016), 81 FR 14142 (March 16, 2016) (SR-NASDAQ-2016-030) (“Prior Notice,” and together with the Prior Order, the “Prior Release”).

registration statement on Form N-1A (“Registration Statement”) relating to the Fund with the Commission.<sup>4</sup>

As indicated in the Prior Release, Elkhorn Investments, LLC will be the investment adviser (the “Adviser”) to the Fund and will monitor the Fund’s investment portfolio. It is currently anticipated that day-to-day portfolio management for the Fund will be provided by the Adviser. However, the Fund and the Adviser may contract with an investment sub-adviser (a “Sub-Adviser”) to provide day-to-day portfolio management for the Fund. ALPS Distributors, Inc. will be the principal underwriter and distributor of the Fund’s Shares. The Fund will contract with unaffiliated third parties to provide administrative, custodial and transfer agency services to the Fund.

The Prior Release identified the name of the Fund as the Elkhorn Dorsey Wright Commodity Rotation Portfolio. Subsequent to the Commission’s approval of the listing and trading of the Shares, the Fund determined to change its name to the Elkhorn Commodity Rotation Strategy ETF following the request from the SEC’s Division of Investment Management to remove the reference to “Dorsey Wright” from the Fund’s name. In this proposed rule change, the Exchange proposes to reflect the change to the name of the Fund.

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<sup>4</sup> See Registration Statement on Form N-1A for the Trust, dated February 18, 2016 (File Nos. 333-201473 and 811-22926) (the “Registration Statement”). The descriptions of the Shares and the Fund contained herein are based, in part, on information in the Registration Statement. Before Shares are publicly offered, the Trust will file a post-effective amendment to its Registration Statement that reflects the changes in this proposed rule change. The descriptions of the operation of the Trust and the Fund will be reflected in any such filing. The changes in this proposed rule change will not be implemented for the Fund until the post-effective amendment to the Registration Statement becomes effective. The Adviser represents that the Adviser will not implement the changes described herein until the instant proposed rule change is operative.

The Prior Release provided that the Fund's investment objective would be to provide total return which exceeds that of the "DWA Commodity Rotation Index" (the "Original Benchmark"). The Prior Release indicated that the Original Benchmark was developed, maintained and sponsored by Dorsey, Wright & Associates, LLC ("Dorsey Wright"). In this proposed rule change, the Exchange proposes to reflect a change to the name and ownership of the benchmark index applicable to the Fund. The new benchmark will be called the "Elkhorn Dorsey Wright Commodity Rotation Index" ("New Benchmark"). Accordingly, the Fund's investment objective will be to provide total return which exceeds that of the New Benchmark and, except as provided herein, the term "Benchmark," as set forth in the Prior Release, will generally be deemed to refer to the New Benchmark.

The New Benchmark is a proprietary index that will be owned by the Adviser. Consistent with the Prior Release, the New Benchmark (like the Original Benchmark) will track a proprietary model of futures contracts on commodities (the "Benchmark Model") that is developed, maintained and sponsored by Dorsey Wright. The Benchmark Model will be licensed to the Adviser.

In connection with the Benchmark Model, Dorsey Wright applies a relative strength methodology to rank twenty-five to thirty single commodity futures, each represented by single commodity futures index with an embedded dynamic roll strategy, and selects a subset of commodity futures that demonstrate relative strength characteristics. The methodology takes into account, among other characteristics, the performance of a commodity as compared to the broad commodity market, the relative performance of each single commodity versus all of the other commodities, and the liquidity of the underlying commodities.

The Fund will not be sponsored, endorsed, sold or promoted by Dorsey Wright. Dorsey Wright's only relationship to the Fund will be the licensing of certain service marks and service names of Dorsey Wright and the licensing of the Benchmark Model to the Adviser. Dorsey Wright will have no obligation to take the needs of the Adviser, any Sub-Adviser or the Fund into consideration in connection with the Benchmark Model or its application of the related methodology.

Except for the changes noted above, all of the representations made in the Prior Release remain unchanged.

## 2. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act<sup>5</sup> in general and Section 6(b)(5) of the Act<sup>6</sup> in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares would be listed and traded on the Exchange pursuant to the initial and continued listing criteria in Nasdaq Rule 5735. The Exchange notes that Shares have not yet been listed on the Exchange. Consistent with the Prior Release, the Exchange represents that trading in the Shares would be subject to the existing trading surveillances, administered by both Nasdaq and also the Financial Industry Regulatory Authority ("FINRA"), on behalf of the Exchange, which are designed to detect violations of

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<sup>5</sup> 15 U.S.C. 78f.

<sup>6</sup> 15 U.S.C. 78f(b)(5).

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.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that the Adviser represents that, other than to change the Original Benchmark to the New Benchmark, there is no change to the Fund's investment objective. The Adviser represents that the purpose of the proposed change is to reflect a change to the name of the Fund and the name and ownership of the benchmark index applicable to the Fund. Accordingly, the Fund's investment objective will be to provide total return which exceeds that of the New Benchmark and, except as provided herein, the term "Benchmark," as set forth in the Prior Release, will generally be deemed to refer to the New Benchmark. The Adviser represents that, other than the changes to the name and ownership of the Benchmark, there are no other changes to the Benchmark, including to its methodology, as described in the Prior Release. Except as provided herein, none of the representations of the Fund or the Adviser made in the Prior Release have changed.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest. As noted above, the proposed rule change is intended to reflect a change to the name of the Fund and the name and ownership of the benchmark index applicable to the Fund. Further, the Exchange notes that the Fund does not yet have publicly offered Shares and does not yet have Shares listed and traded on the Exchange. Before Shares are publicly offered, the Trust will file a post-effective amendment to its Registration Statement that reflects the changes in the proposed rule change. The Shares will not

be publicly offered until the post-effective amendment to the Registration Statement becomes effective.

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

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes the proposed rule change will accommodate the listing and trading of Managed Fund Shares for an additional actively managed exchange-traded product, thereby enhancing competition among issues of Managed Fund Shares.

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

Written comments were neither solicited nor received.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>7</sup> and Rule 19b-4(f)(6) thereunder.<sup>8</sup>

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<sup>7</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>8</sup> 17 CFR 240.19b-4(f)(6). As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and the 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 as designated by the Commission.

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 to determine whether the proposed rule should be approved or disapproved.

#### IV. Solicitation of Comments

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

##### Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NASDAQ-2016-117 on the subject line.

##### Paper comments:

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

All submissions should refer to File Number SR-NASDAQ-2016-117. This file number should be included on the subject line if e-mail 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 website (<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 website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NASDAQ-2016-117 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>9</sup>

Robert W. Errett  
Deputy Secretary

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<sup>9</sup> 17 CFR 200.30-3(a)(12).