



8011-01p
SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-77855; File No. SR-NASDAQ-2016-057)

May 19, 2016

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend and Clarify Closed-End Funds Annual Fees

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 12, 2016, The NASDAQ Stock Market LLC (“Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III, 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 clarify and conform the amount of annual fees charged to individual closed-end management investment companies registered under the Investment Company Act of 1940, as amended (“Closed-End Funds”) and two or more Closed-End Funds that have a common investment adviser or have investment advisers who are “affiliated persons” as defined in Section 2(a)(3) of the Investment Company Act of 1940, as amended (“fund family”). These amendments are effective upon filing. The text of the proposed rule change is set forth below. Proposed new language is in italics; deleted text is in brackets.

* * * * *

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

5910. The Nasdaq Global Market (including the Nasdaq Global Select Market)

(a) - (c) No change.

(d) Standard Annual Fee — American Depositary Receipts (ADRs) and Closed-End Funds

(1) - (3) No change.

(4) For the purpose of determining the total shares outstanding, fund sponsors may aggregate shares outstanding of all Closed-End Funds in the same fund family listed on the Nasdaq Global Market or the Nasdaq Capital Market, as shown in the Company's most recent periodic reports required to be filed with the appropriate regulatory authority or in more recent information held by Nasdaq. The maximum annual fee applicable to a fund family shall not exceed [\$75,000]\$80,000. For purposes of this rule, a "fund family" is defined as two or more Closed-End Funds that have a common investment adviser or have investment advisers who are "affiliated persons" as defined in Section 2(a)(3) of the Investment Company Act of 1940, as amended.

(5) - (6) No change.

(e) - (f) No change.

IM-5910-1. All-Inclusive Annual Listing Fee

(a) - (c) No change.

(d) The All-Inclusive Annual Listing Fee will be calculated on total shares outstanding according to the following schedules:

(1) - (2) No change.

(3) Closed-end Funds:

Up to 50 million shares	\$30,000
50+ to 100 million shares	\$50,000
100+ to 250 million shares	\$75,000
Over 250 million shares	\$100,000

For the purpose of determining the total shares outstanding, fund sponsors may aggregate shares outstanding of all Closed-End Funds in the same fund family listed on the Nasdaq Global Market or the Nasdaq Capital Market, as shown in the Company's most recent periodic reports required to be filed with the appropriate regulatory authority or in more recent information held by Nasdaq. A fund family is subject to the same fee schedule as a single Closed-End Fund and the maximum All-Inclusive Annual Listing Fee applicable to a fund family shall not exceed \$100,000. For purposes of this rule, a "fund family" is defined as two or more Closed-End Funds that have a common investment adviser or have investment advisers who are "affiliated persons" as defined in Section 2(a)(3) of the Investment Company Act of 1940, as amended.

(e) No change.

5920. The Nasdaq Capital Market

(a) - (b) No change.

(c) Standard Annual Fee

(1) - (6) No change.

(7) Notwithstanding paragraph (6), for the purpose of determining the total shares outstanding, fund sponsors may aggregate shares outstanding of all Closed-End Funds in the same fund family listed on the Nasdaq Global Market and the Nasdaq Capital Market, as shown in the Company's most recent periodic reports required to be filed with the appropriate regulatory authority or in more recent information held by Nasdaq. The maximum annual fee applicable to a fund family shall not exceed [~~\$75,000~~]\$80,000. For purposes of this rule, a "fund family" is defined as two or more Closed-End Funds that have a common investment adviser or have investment advisers who are "affiliated persons" as defined in Section 2(a)(3) of the Investment Company Act of 1940, as amended.

(8) No change.

(d) - (e) No change.

IM-5920-1. All-Inclusive Annual Listing Fee

(a) - (c) No change.

(d) The All-Inclusive Annual Listing Fee will be calculated on total shares outstanding according to the following schedules:

(1) - (2) No change.

(3) Closed-end Funds:

Up to 50 million shares	\$30,000
50+ to 100 million shares	\$50,000
100+ to 250 million shares	\$75,000

Over 250 million shares \$100,000

For the purpose of determining the total shares outstanding, fund sponsors may aggregate shares outstanding of all Closed-End Funds in the same fund family listed on the Nasdaq Global Market or the Nasdaq Capital Market, as shown in the Company's most recent periodic reports required to be filed with the appropriate regulatory authority or in more recent information held by Nasdaq. A fund family is subject to the same fee schedule as a single Closed-End Fund and the maximum All-Inclusive Annual Listing Fee applicable to a fund family shall not exceed \$100,000. For purposes of this rule, a "fund family" is defined as two or more Closed-End Funds that have a common investment adviser or have investment advisers who are "affiliated persons" as defined in Section 2(a)(3) of the Investment Company Act of 1940, as amended.

(e) No change.

* * * * *

The text of the proposed rule change is available on the Exchange's Website at <http://nasdaq.cchwallstreet.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 Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The purpose of the proposed rule change is to clarify and conform the amount of annual fees charged to a single Closed-End Fund and a fund family.

In 2005, Nasdaq adopted a fee schedule applicable specifically to Closed-End Funds and permitted a fund sponsor to aggregate the shares outstanding of all Closed-End Funds listed on Nasdaq that are part of the fund family.³ The maximum annual fee payable by a fund family was set to \$75,000, equal to the maximum annual fee payable by a single Closed-End Fund.

In 2014, Nasdaq adopted a new All-Inclusive Annual Listing Fee schedule and increased the maximum annual fee payable by a single Closed-End Fund.⁴ At that time, Nasdaq inadvertently created a disparity between the maximum annual fees payable by a single Closed-End Fund and by a fund family. While Nasdaq increased the maximum annual fee payable by a single Closed-End Fund from \$75,000 to \$80,000 and introduced a new All-Inclusive Annual Listing Fee schedule with the maximum annual fee payable by a single Closed-End Fund equal to \$100,000,⁵ the maximum annual fee payable by a fund family under the standard annual fee was not changed and remained at \$75,000. In addition, rules specifically allowing for the aggregation of shares in a fund family were not included in the new All-Inclusive Annual Fee.

³ Securities Exchange Act Release No. 52277 (August 17, 2005), 70 FR 49347 (August 22, 2005) (approving SR-NASD-2005-96).

⁴ Securities Exchange Act Release No. 73647 (November 19, 2014), 79 FR 70232 (November 25, 2014) (approving SR-NASDAQ-2014-87).

⁵ Id.

Nasdaq proposes to amend Listing Rules 5910(d)(4) and 5920(c)(7) to increase the maximum annual fee payable by a fund family to \$80,000 to conform such fee to the maximum annual fee payable by a single Closed End Fund. The creation of this disparity between the fees was inadvertent and Nasdaq believes that it is reasonable for a fund family to be subject to the same maximum fee schedule than a single Closed-End Fund.

In addition, Nasdaq proposes to amend Listing Rules IM-5910-1 and IM-5920-1 to clarify that a fund family subject to the All-Inclusive Annual Fee can aggregate shares in the same manner as a fund family subject to Nasdaq's standard annual fee. Nasdaq also proposes to clarify that the All-Inclusive Annual Listing Fee is calculated on total shares outstanding.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁶ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,⁷ in particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among members and issuers and other persons using any facility or system which the Exchange operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

As a preliminary matter, Nasdaq competes for listings with other national securities exchanges and companies can easily choose to list on, or transfer to, those alternative venues. As a result, the fees Nasdaq can charge listed companies are constrained by the fees charged by its competitors and Nasdaq cannot charge prices in a manner that would be unreasonable, inequitable, or unfairly discriminatory.

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(4) and (5).

Nasdaq believes that the proposed increase in the annual maximum fee payable by a fund family is reasonable and not unfairly discriminatory because such fee is not greater than the fee payable by a single Closed-End Fund that could be a part of the same fund family. The parity in such fees had previously been approved by the Commission.⁸ The proposed rule change makes no adjustments to the fee schedule applicable to the Closed-End Funds.

Nasdaq also believes that the proposed additional interpretive material merely clarifies, without changing the substance of the rules, Nasdaq's current position that a fund family subject to the All-Inclusive Annual Listing Fee schedule is subject to the same fee schedule as a single Closed-End Fund. These companies are particularly sensitive to the expenses they incur, given that they compete for investment dollars based on return. In addition, Closed-End Funds need to issue shares as a primary means to expand their businesses and raise additional money to invest. As such, Nasdaq believes that allowing a fund family to aggregate the shares outstanding of all Closed-End Funds listed on Nasdaq that are part of the fund family is reasonable and not inequitable or unfairly discriminatory.

Finally, Nasdaq believes that the proposed fees are consistent with the investor protection objectives of Section 6(b)(5) of the Act⁹ in that they are designed to promote just and equitable principles of trade, to remove impediments to a free and open market and national market system, and in general to protect investors and the public interest. Specifically, the fees are designed, in part, to ensure that there are adequate resources for Nasdaq's listing compliance program, which helps to assure that listing standards are properly enforced and investors are protected.

⁸ See footnote 3, supra.

⁹ 15 U.S.C. 78f(b)(5).

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

Nasdaq does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. The market for listing services is extremely competitive and listed companies may freely choose alternative venues based on the aggregate fees assessed, and the value provided by each listing. This rule proposal does not burden competition with other listing venues, which are similarly free to set their fees. Moreover, the proposed rule merely conforms fees charged to similarly situated Nasdaq listed Closed-End Funds and fund families. For these reasons, Nasdaq does not believe that the proposed rule change will result in any burden on competition for listings.

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

No written comments were either solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.¹⁰

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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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.

¹⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

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. Please include File Number SR-NASDAQ-2016-057 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-2016-057. 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-2016-057 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.¹¹

Robert W. Errett
Deputy Secretary

¹¹ 17 CFR 200.30-3(a)(12).

