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August 17, 2017

VIA E-MAIL

Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Re: SR-NYSEArca-2017-54

Dear Mr. Fields:

NYSE Arca, Inc. filed the attached Amendment No. 1 to the above-referenced filing on August 17, 2017.

Sincerely,

A handwritten signature in blue ink, appearing to be "MJ" or similar initials, written in a cursive style.

Encl. (Amendment No. 1 to SR-NYSEArca-2017-54)

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 36	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2017 - * 54	Amendment No. (req. for Amendments *) 1	
Filing by NYSE Arca, Inc. Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934					
Initial * <input type="checkbox"/>	Amendment * <input checked="" type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input type="checkbox"/> 19b-4(f)(6)		
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/>			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>		
Exhibit 2 Sent As Paper Document <input type="checkbox"/>		Exhibit 3 Sent As Paper Document <input type="checkbox"/>			
Description Provide a brief description of the action (limit 250 characters, required when Initial is checked *). <input type="text"/>					
Contact Information Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action. First Name * Michael Last Name * Cavalier Title * Counsel E-mail * <input type="text"/> Telephone * <input type="text"/> Fax <input type="text"/>					
Signature Pursuant to the requirements of the Securities Exchange Act of 1934, has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized. (Title *) Date 08/17/2017 Senior Counsel By David De Gregorio (Name *) NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed. <input type="button" value="David DeGregorio,"/>					

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

- (a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)¹ and Rule 19b-4 thereunder,² NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) proposes to amend NYSE Arca Rule 5.2-E(j)(6) to exclude Investment Company Units, securities defined in Section 2 of NYSE Arca Rule 8-E and Index-Linked Securities when applying the quantitative generic listing criteria applicable to Equity Index-Linked Securities.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and the text of the proposed rule change is attached as Exhibit 5.

- (b) The Exchange does not believe that the proposed rule change will have any direct effect, or any significant indirect effect, on any other Exchange rule in effect at the time of this filing.
- (c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change is being submitted to the Securities and Exchange Commission (the “Commission”) by Exchange staff pursuant to authority delegated to it by the NYSE Arca Board of Directors.

The person on the Exchange staff prepared to respond to questions and comments on the proposed rule change is:

Michael Cavalier
Counsel
NYSE Group, Inc.



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

- (a) Purpose

The Exchange proposes to amend NYSE Arca Rule 5.2-E(j)(6) to exclude Investment Company Units (“Units”) and securities defined in Section 2 of NYSE Arca Rule 8-E (collectively, together with Units, “Derivative Securities

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Products”³), as well as Index-Linked Securities⁴, when applying the quantitative generic listing criteria applicable to Equity Index-Linked Securities. This Amendment No. 1 to SR-NYSEArca-2017-54 replaces SR-NYSEArca-2017-54 as originally filed and supersedes such filing in its entirety.

Equity Index-Linked Securities are securities that provide for the payment at maturity (or earlier redemption) based on the performance of an underlying index or indexes of equity securities, securities of closed-end management investment companies registered under the Investment Company Act of 1940⁵ and/or Units.⁶ In addition to certain other generic listing criteria, Equity Index-Linked Securities must satisfy the generic quantitative initial and continued listing criteria under NYSE Arca Rule 5.2-E(j)(6)(B)(I) in order to become, and continue to be, listed and traded on the Exchange. Certain of the applicable quantitative criteria specify minimum or maximum thresholds that must be satisfied with respect to, for example, market value, trading volume, and dollar weight of the index represented by a single component or groups of components.

The applicable initial quantitative listing criteria include (i) that each underlying index is required to have at least ten component securities⁷; (ii) that each component security has a minimum market value of at least \$75 million, except that for each of the lowest dollar weighted component securities in the index that in the aggregate account for no more than 10% of the dollar weight of the index,

³ Units are securities that represent an interest in a registered investment company that could be organized as a unit investment trust, an open-end management investment company, or a similar entity, that holds securities comprising, or otherwise based on or representing an interest in, an index or portfolio of securities or securities in another registered investment company that holds such securities. See NYSE Arca Rule 5.2-E(j)(3). The following securities currently are included in Section 2 of NYSE Arca Rule 8-E: Portfolio Depositary Receipts (Rule 8.100-E); Trust Issued Receipts (Rule 8.200-E); Commodity-Based Trust Shares (Rule 8.201-E); Currency Trust Shares (Rule 8.202-E); Commodity Index Trust Shares (Rule 8.203-E); Commodity Futures Trust Shares (Rule 8.204-E); Partnership Units (Rule 8.300-E); Paired Trust Shares (Rule 8.400-E); Trust Units (Rule 8.500-E); Managed Fund Shares (Rule 8.600-E); and Managed Trust Securities (Rule 8.700-E).

⁴ Index-Linked Securities are securities that qualify for Exchange listing and trading under NYSE Arca Rule 5.2-E (j)(6). The securities described in Rule 5.2-E (j)(3), Rule 5.2-E (j)(6) and Section 2 of Rule 8-E, as referenced above, would include securities listed on another national securities exchange pursuant to substantially equivalent listing rules.

⁵ 15 U.S.C. 80-1.

⁶ See Rule 5.2-E (j)(6)(B)(I)(1).

⁷ See Rule 5.2-E (j)(6)(B)(I)(1)(a).

the market value can be at least \$50 million; (iii) that component stocks that in the aggregate account for at least 90% of the weight of the index each have a minimum global monthly trading volume of 1,000,000 shares, or minimum global notional volume traded per month of \$25,000,000, averaged over the last six months; (iv) that no underlying component security represents more than 25% of the dollar weight of the index, and the five highest dollar weighted component securities in the index do not in the aggregate account for more than 50% of the dollar weight of the index (60% for an index consisting of fewer than 25 component securities); and (v) that 90% of the index's numerical value and at least 80% of the total number of component securities meet the then current criteria for standardized option trading set forth in NYSE Arca Rule 5.3-O; except that an index will not be subject to this last requirement if (a) no underlying component security represents more than 10% of the dollar weight of the index and (b) the index has a minimum of 20 components.⁸ The applicable continued quantitative listing criteria require that component stocks that in the aggregate account for at least 90% of the weight of the index each have a minimum global monthly trading volume of 500,000 shares, or minimum global notional volume traded per month of \$12,500,000, averaged over the last six months.⁹

The Exchange proposes to amend NYSE Arca Rule 5.2-E (j)(6)(B)(I)(1)(a), which provides that each underlying index is required to have at least ten component securities, to provide that there shall be no minimum number of component securities if one or more issues of Derivative Securities Products or Index-Linked Securities constitute, at least in part, component securities underlying an issue of Equity Index-Linked Securities. The proposed amendment to NYSE Arca Rule 5.2-E (j)(6)(B)(I)(1)(a) also would provide that the securities described in Rule 5.2-E (j)(3) and Section 2 of Rule 8-E (that is, Derivative Securities Products), and Rule 5.2-E (j)(6) (that is, Index-Linked Securities), as referenced in proposed amended Rule 5.2-E (j)(6)(B)(I)(1)(b)(2) and Rule 5.2-E (j)(6)(B)(I)(2)(a) would include securities listed on another national securities exchange pursuant to substantially equivalent listing rules.¹⁰

The Exchange also proposes to exclude Derivative Securities Products and Index-Linked Securities from consideration when determining whether the applicable quantitative generic thresholds have been satisfied under the initial listing standards specified in NYSE Arca Rule 5.2-E (j)(6)(B)(I)(1)(b)(i)-(iv) and the continued listing standards specified in NYSE Arca Rules 5.2-E

⁸ See Rule 5.2-E (j)(6)(B)(I)(1)(b)(i)-(iv).

⁹ See Rule 5.2-E (j)(6)(B)(I)(2)(a)(ii).

¹⁰ This provision is similar to that in Commentary .01(a) to NYSE Arca Rule 8.600-E relating to generic listing criteria applicable to issues of Managed Fund Shares.

(j)(6)(B)(I)(2)(a)(i) and (ii).¹¹ Thus, for example, when determining compliance with NYSE Arca Rule 5.2-E (j)(6)(B)(I)(1)(b)(ii), component stocks, excluding Derivative Securities Products or Index-Linked Securities, that in the aggregate account for at least 90% of the remaining index weight would be required to have a minimum global monthly trading volume of 1 million shares, or minimum global notional volume traded per month of 25 million, averaged over the last six months.

The Exchange proposes further to provide that the weighting limitation for the five highest weighted component securities in an index in NYSE Arca Rules 5.2-E (j)(6)(B)(I)(1)(b)(iii) and 5.2-E (j)(6)(B)(I)(2)(a)(i) would apply “to the extent applicable.”¹² When considered in conjunction with the proposed amendment to NYSE Arca Rule 5.2-E (j)(6)(B)(I)(1)(a) referenced above, this language would make clear that an index that includes Derivative Securities Products or Index-Linked Securities may include fewer than five component securities.

The following examples illustrate how the proposed amendments would be applied:

1. Assume the components of an index are dollar weighted as follows: 25% in iShares MSCI Emerging Markets Index ETF (EEM), 25% in SPDR Gold Shares (GLD), 25% ETRACS Alerian MLP Index ETN Series B (AMUB) and 25% in the 500 components of the S&P 500 Index. EEM, GLD and AMUB would be excluded from the quantitative requirements under Rule 5.2-E(j)(6)(B)(I). The index would meet the requirement of Rule 5.2-E(j)(6)(B)(I)(1)(a). The index would not meet the requirement of Rule 5.2-E(j)(6)(B)(I)(1)(b)(1), so it would have to meet the requirements of proposed amended Rule 5.2-

¹¹ NYSE Arca Rules 5.2-E (j)(6)(B)(I)(2)(a)(i) and (ii) provide that the Corporation will maintain surveillance procedures for securities listed under Rule 5.2-E (j)(6) and may halt trading in such securities and will initiate delisting proceedings pursuant to Rule 5.5-E (m) (unless the Commission has approved the continued trading of the subject Index-Linked Security), if any of the standards set forth in Rules 5.2-E (j)(6)(B)(I)(1)(a) and 5.2-E (j)(6)(B)(I)(1)(b)(2) are not continuously maintained, except that: (i) the criteria that no single component represent more than 25% of the dollar weight of the index and the five highest dollar weighted components in the index cannot represent more than 50% (or 60% for indexes with less than 25 components) of the dollar weight of the index, need only be satisfied at the time the index is rebalanced (Rule 5.2-E (j)(6)(B)(I)(2)(a)(i)), and (ii) component stocks that in the aggregate account for at least 90% of the weight of the index each shall have a minimum global monthly trading volume of 500,000 shares, or minimum global notional volume traded per month of \$12,500,000, averaged over the last six months (Rule 5.2-E (j)(6)(B)(I)(2)(a)(ii)).

¹² The phrase “to the extent applicable” also is included in Commentary .01(a)(A)(3) to NYSE Arca Rule 5.2-E (j)(3) for Investment Company Units and Commentary .01(a)(1)(C) to NYSE Arca Rule 8.600-E for Managed Fund Shares.

E(j)(6)(B)(I)(1)(b)(2). The S&P 500 stocks collectively account for 25% of the dollar weight of the index; no underlying component index security (excluding Derivative Securities Products and Index-Linked Securities) represent more than 25% of the dollar weight of the index, and the five highest dollar weighted component securities in the index (excluding Derivative Securities Products and Index-Linked Securities) do not in the aggregate account for more than 50% of the dollar weight of the index (consistent with proposed amended Rule 5.2-E(j)(6)(B)(I)(1)(b)(2)(iii)). In addition, the components of the S&P 500 Index would meet the quantitative requirements of proposed amended Rule 5.2-E(j)(6)(B)(I)(1)(b)(2)(i)-(iv).

2. Assume the components of an index are dollar weighted as follows: 25% iShares MSCI Emerging Markets Index ETF (EEM), 25% SPDR Gold Shares (GLD), 25% ETRACS Alerian MLP Index ETN Series B (AMUB) and 25% Apple Inc. (AAPL). EEM, GLD and AMUB would be excluded from the quantitative requirements of Rule 5.2-E(j)(6)(B)(I). The index would meet the requirement of Rule 5.2-E(j)(6)(B)(I)(1)(a). The index would not meet the requirement of Rule 5.2-E(j)(6)(B)(I)(1)(b)(1), so it would have to meet the requirements of proposed amended Rule 5.2-E(j)(6)(B)(I)(1)(b)(2). AAPL accounts for 25% of the index weight; therefore, no underlying component index security (excluding Derivative Securities Products and Index-Linked Securities) would represent more than 25% of the dollar weight of the index, (consistent with proposed amended Rule 5.2-E(j)(6)(B)(I)(1)(b)(2)(iii)). (The requirement that the five highest dollar weighted component securities in the index (excluding Derivative Securities Products and Index-Linked Securities) cannot account for more than 60% of the dollar weight of the index would be inapplicable because fewer than five non- Derivative Securities Products and non-Index-Linked Securities would be in the index.) In addition, AAPL would meet the quantitative requirements of proposed amended Rule 5.2-E(j)(6)(B)(I)(1)(b)(2)(i)-(iv).

The Exchange believes that it is appropriate to exclude Derivative Securities Products and Index-Linked Securities from the generic listing and continued listing criteria specified above for Equity Index-Linked Securities because Derivative Securities Products and Index-Linked Securities that may be included in an index or portfolio underlying a series of Equity Index-Linked Securities are themselves subject to specific initial and continued listing requirements of the exchange on which they are listed. For example, Units listed and traded on the Exchange are subject to the listing standards specified under NYSE Arca Rule 5.2-E (j)(3). Also, Derivative Securities Products and Index-Linked Securities would have been listed and traded on an exchange pursuant to a filing submitted under Sections 19(b)(2) or 19(b)(3)(A) of the Act,¹³ or would have been listed by an exchange pursuant to the requirements of Rule 19b-4(e) under the Act.¹⁴

¹³ 15 U.S.C. 78s(b)(2); 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(e).

Derivative Securities Products and Index-Linked Securities are derivatively priced, and, therefore, the Exchange does not believe that it is necessary to apply the generic quantitative criteria (e.g., market capitalization, trading volume, or component weighting) applicable to securities that are not Derivative Securities Products or Index-Linked Securities (e.g., common stocks) to such products. Finally, by way of comparison, Derivative Securities Products are excluded from consideration when determining whether the components of Units satisfy the applicable listing criteria in Rule 5.2-E (j)(3)¹⁵, and both Derivative Securities Products and Index-Linked Securities are excluded from the applicable listing criteria for Managed Fund Shares holding equity securities in Commentary .01 to Rule 8.600-E.¹⁶

The Exchange also proposes (1) to replace “investment company units” with “Investment Company Units” in two places in NYSE Arca Rule 5.2-E (j)(6)(B)(I)(1) in order to conform to other usages of this term in Exchange rules; (2) to replace the word “Index” with “index” in two places in Rule 5.2-E (j)(6)(B)(I)(2)(a)(i) to conform to other usages of this word in Rule 5.2-E (j)(6)(B)(I)(2); and (3) to make a correction in Rule 5.2-E(j)(6)(B)(I)(1)(b)(iv) by changing the reference to NYSE Arca Rule 5.3 to NYSE Arca Rule 5.3-O.

The Exchange notes that the proposed change is not otherwise intended to address any other issues and that the Exchange is not aware of any problems that ETP Holders or issuers would have in complying with the proposed change.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹⁷ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁸ in particular, because 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.

¹⁵ See Commentary .01 to NYSE Arca Rule 5.2-E (j)(3). See also, Securities Exchange Act Release No. 57751 (May 1, 2008), 73 FR 25818 (May 7, 2008) (SR-NYSEArca-2008-29) (order approving amendments to the eligibility criteria for components of an index underlying Investment Company Units).

¹⁶ See Commentary .01 to NYSE Arca Rule 8.600-E. See also, Securities Exchange Act Release No. 78397 (July 22, 2016), 81 FR 49320 (July 27, 2016) (SR-NYSEArca-2015-110) (order approving amendments to NYSE Arca Equities Rule 8.600 to adopt generic listing standards for Managed Fund Shares).

¹⁷ 15 U.S.C. 78f(b).

¹⁸ 15 U.S.C. 78f(b)(5).

The Exchange believes that the proposed change would facilitate the listing and trading of additional types of Equity Index-Linked Securities, which would enhance competition among market participants, to the benefit of investors and the marketplace. The proposed change would also result in greater efficiencies in the listing process with respect to Equity Index-Linked Securities by eliminating an unnecessary consideration regarding underlying components, which would therefore remove impediments to, and perfect the mechanism of, a free and open market. In addition, the proposed amendment to the Equity Index-Linked Securities listing criteria is intended to protect investors and the public interest in that it is consistent with the manner in which Derivative Securities Products are also excluded from consideration when determining whether the components of an index or portfolio underlying an issue of Units satisfy the applicable listing criteria,¹⁹ and both Derivative Securities Products and Index-Linked Securities are excluded from the applicable listing criteria for Managed Fund Shares holding equity securities in Commentary .01 to Rule 8.600-E.²⁰ Additionally, Equity Index-Linked Securities would remain subject to all existing listing standards, thereby maintaining existing levels of investor protection. The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices because the Equity Index-Linked Securities would continue to be listed and traded on the Exchange pursuant to the initial and continued listing criteria in Rule 5.2-E (j)(6). Further, the proposed change would not impact the existing listing process for Derivative Securities Products and Index-Linked Securities, whereby the exchanges on which such securities are listed must, for example, submit proposed rule changes with the Commission prior to listing and trading.

The Exchange believes that it is appropriate to exclude Derivative Securities Products and Index-Linked Securities from the generic criteria specified above for Equity Index-Linked Securities because Derivative Securities Products and Index-Linked Securities that may be included in an index or portfolio underlying a series of Equity Index-Linked Securities are themselves subject to specific initial and continued listing requirements of the exchange on which they are listed. For example, Units listed and traded on the Exchange are subject to the listing standards specified under NYSE Arca Rule 5.2-E (j)(3). Also, such Derivative Securities Products and Index-Linked Securities would have been listed and traded on an exchange pursuant to a filing submitted under Sections 19(b)(2) or 19(b)(3)(A) of the Act,²¹ or would have been listed by an exchange pursuant to the requirements of Rule 19b-4(e) under the Act.²² The Exchange believes that quantitative factors--such as market value, global monthly trading volume, or

¹⁹ See supra, note 15.

²⁰ See supra, note 16.

²¹ 15 U.S.C. 78s(b)(2); 15 U.S.C. 78s(b)(3)(A).

²² 17 CFR 240.19b-4(e).

weighting—when applied to index components (such as common stocks) underlying a series of Equity Index-Linked Securities, are relevant criteria in establishing that such series is sufficiently broad-based to minimize potential manipulation.²³ Derivative Securities Products and Index-Linked Securities, however, are derivatively priced, and, therefore, the Exchange does not believe that it is necessary to apply the generic quantitative criteria applicable to securities that are not Derivative Securities Products and Index-Linked Securities (*e.g.*, common stocks) to such products. As noted above, Derivative Securities Products are excluded from consideration on NYSE Arca when determining whether the components of Units satisfy the applicable listing criteria,²⁴ and both Derivative Securities Products and Index-Linked Securities are excluded from the applicable listing criteria for Managed Fund Shares holding equity securities in Commentary .01 to Rule 8.600-E. Moreover, for shares of Derivative Securities Products that are not listed on an exchange pursuant to an exchange’s generic listing rules, the Commission must first approve an exchange’s proposed rule change under Section 19(b) of the Act regarding a particular Derivative Securities Product or Index-Linked Securities, which is subject to the representations and restrictions included in such proposed rule change.

The Exchange also believes it is appropriate to exclude Derivative Securities Products and Index-Linked Securities from the requirement under NYSE Arca Rule 5.2-E (j)(6)(B)(I)(1)(b)(iv) that 90% of the applicable index’s numerical value and at least 80% of the total number of component securities will meet the criteria for standardized option trading set forth in NYSE Arca Rule 5.3-O. Rule

²³ See, e.g., Securities Exchange Act Release No. 54739 (November 9, 2006), 71 FR 66693 (SR-Amex-2006-78) (order approving generic listing standards for Portfolio Depositary Receipts and Index Fund Shares based on international or global indexes), in which the Commission stated that “these standards are reasonably designed to ensure that stocks with substantial market capitalization and trading volume account for a substantial portion of any underlying index or portfolio, and that when applied in conjunction with the other applicable listing requirements, will permit the listing only of ETFs that are sufficiently broad-based in scope to minimize potential manipulation.”

²⁴ See Commentary .01 to NYSE Arca Rule 5.2-E (j)(3). See also Securities Exchange Act Release No. 57751 (May 1, 2008), 73 FR 25818 (May 7, 2008) (SR-NYSEArca-2008-29) (order approving amendments to eligibility criteria for components of an index underlying Investment Company Units), in which the Commission noted that “based on the trading characteristics of Derivative Securities Products, it may be difficult for component Derivative Securities Products to satisfy certain quantitative index criteria, such as the minimum market value and trading volume limitations. However, because Derivative Securities Products are themselves subject to specific initial and continued listing requirements, the Commission believes that it would be reasonable to exclude Derivative Securities Products, as components, from certain index component eligibility criteria for [Investment Company] Units.”

5.3-O includes criteria for securities underlying option contracts approved for listing and trading on the Exchange. Among such criteria are those applicable to “Exchange-Traded Fund Shares” (as referenced in NYSE Arca Rule 5.3-O(g)), Trust Issued Receipts (as referenced in NYSE Arca Rule 5.3-O(h)), Partnership Units (as referenced in NYSE Arca Rule 5.3-O(i)) and Index-Linked Securities (as referenced in NYSE Arca Rule 5.3-O(j)) that underlie Exchange-traded option contracts. The Exchange does not believe that criteria in Rule 5.3-O should be applied to Derivative Securities Products and Index-Linked Securities because such securities are subject to separate numerical and other criteria included in the applicable exchange listing rules, including both generic listing rules permitting listing pursuant to Rule 19b-4(e) and non-generic listing rules. Derivative Securities Products and Index-Linked Securities that are the subject of a Commission approval order under Section 19(b) of the Act also are subject to specific representations made in the applicable Rule 19b-4 filing. These include representations regarding the existence of comprehensive surveillance agreements between the applicable exchange and the principal markets for certain financial instruments underlying Derivative Securities Products, or percentage limitations on assets (e.g., non-U.S. stocks, futures and options) whose principal market is not a member of the Intermarket Surveillance Group (“ISG”).²⁵

The Exchange believes it is appropriate to provide that the weighting limitation for the five highest weighted component securities in an index in NYSE Arca Rules 5.2-E(j)(6)(B)(I)(1)(b)(iii) and 5.2-E(j)(6)(B)(I)(2)(a)(i) would apply “to the extent applicable.” When considered in conjunction with the proposed amendment to NYSE Arca Rule 5.2-E(j)(6)(B)(I)(1)(a) referenced above, this language would make clear that an index that includes Derivative Securities Products or Index-Linked Securities may include fewer than five component securities. In addition, the phrase “to the extent applicable” is included in Commentary .01(a)(A)(3) to NYSE Arca Rule 5.2-E(j)(3) for Investment Company Units and Commentary .01(a)(1)(C) to NYSE Arca Rule 8.600-E for Managed Fund Shares.

²⁵ See, e.g., Securities Exchange Act Release No. 76719 (December 21, 2015), 80 FR 80859 (December 28, 2015) (order approving Exchange listing and trading of shares of the Guggenheim Total Return Bond ETF (“Fund”) under NYSE Arca Equities Rule 8.600), which filing stated: “Not more than 10% of the net assets of the Fund in the aggregate invested in equity securities (other than non-exchange-traded investment company securities) will consist of equity securities whose principal market is not a member of the ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement. In addition, not more than 10% of the net assets of the Fund in the aggregate invested in futures contracts or exchange-traded options contracts will consist of futures contracts or exchange-traded options contracts whose principal market is not a member of ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement.”

The proposed replacement of “investment company units” with “Investment Company Units” in two places in NYSE Arca Rule 5.2-E (j)(6)(B)(I)(1) is appropriate as such changes conform to other usages of this term in Exchange rules. The proposed replacement of the word “Index” with “index” in two places in Rule 5.2-E (j)(6)(B)(I)(2)(a)(i) is appropriate as such changes would conform to other usages of this word in Rule 5.2-E (j)(6)(B)(I)(2). The proposed amendment to Rule 5.2-E(j)(6)(B)(I)(1)(b)(iv) is a correction to change the reference to NYSE Arca Rule 5.3 to NYSE Arca Rule 5.3-O.

The Exchange has in place surveillance procedures that are adequate to properly monitor trading in Index-Linked Securities in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws. All Index-Linked Securities listed pursuant to NYSE Arca Rule 5.2-E (j)(6) are included within the definition of “security” or “securities” as such terms are used in the Exchange rules and, as such, are subject to Exchange rules and procedures that currently govern the trading of securities on the Exchange. Trading in the securities will be halted under the conditions specified in NYSE Arca Rule 5.2-E (j)(6)(E).

For these reasons, the Exchange believes that the proposal is consistent with the Act.

4. Self-Regulatory Organization’s Statement on Burden on Competition

In accordance with Section 6(b)(8) of the Act,²⁶ 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. Instead, the Exchange believes that the proposed change will encourage competition by enabling additional types of Equity Index-Linked Securities to be listed on the Exchange and, by eliminating an unnecessary consideration regarding underlying components, create a more efficient process surrounding the listing of Equity Index-Linked Securities.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

6. Extension of Time Period for Commission Action

The Exchange does not consent at this time to an extension of the time period for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated

²⁶ 15 U.S.C. 78f(b)(8).

Effectiveness Pursuant to Section 19(b)(2)

Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1 – Form of Notice of Proposed Rule Change for Publication in the Federal Register

Exhibit 4—Additions to Exhibit 5 of SR-NYSEArca-2017-54 as originally filed

Exhibit 5 – Text of the Proposed Rule Change

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-NYSEARCA-2017-54, Amendment No. 1)

[Date]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change to Amend NYSE Arca Equities Rule 5.2(j)(6) Relating to Equity Index-Linked Securities

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the “Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that, on August 17, 2017, NYSE Arca, Inc. (the “Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend NYSE Arca Equities Rule 5.2(j)(6) to exclude Investment Company Units, securities defined in Section 2 of NYSE Arca Equities Rule 8 and Index-Linked Securities when applying the quantitative generic listing criteria applicable to Equity Index-Linked Securities. The proposed rule change is available on the Exchange’s website at www.nyse.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

¹ 15 U.S.C.78s(b)(1).

² 15 U.S.C. 78a.

³ 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, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

The Exchange proposes to amend NYSE Arca Rule 5.2-E(j)(6) to exclude Investment Company Units (“Units”) and securities defined in Section 2 of NYSE Arca Rule 8-E (collectively, together with Units, “Derivative Securities Products”)⁴, as well as Index-Linked Securities⁵, when applying the quantitative generic listing criteria

⁴ Units are securities that represent an interest in a registered investment company that could be organized as a unit investment trust, an open-end management investment company, or a similar entity, that holds securities comprising, or otherwise based on or representing an interest in, an index or portfolio of securities or securities in another registered investment company that holds such securities. See NYSE Arca Rule 5.2-E(j)(3). The following securities currently are included in Section 2 of NYSE Arca Rule 8-E: Portfolio Depositary Receipts (Rule 8.100-E); Trust Issued Receipts (Rule 8.200-E); Commodity-Based Trust Shares (Rule 8.201-E); Currency Trust Shares (Rule 8.202-E); Commodity Index Trust Shares (Rule 8.203-E); Commodity Futures Trust Shares (Rule 8.204-E); Partnership Units (Rule 8.300-E); Paired Trust Shares (Rule 8.400-E); Trust Units (Rule 8.500-E); Managed Fund Shares (Rule 8.600-E); and Managed Trust Securities (Rule 8.700-E).

⁵ Index-Linked Securities are securities that qualify for Exchange listing and trading under NYSE Arca Rule 5.2-E (j)(6). The securities described in Rule 5.2-E (j)(3), Rule 5.2-E (j)(6) and Section 2 of Rule 8-E, as referenced above, would include securities listed on another national securities exchange pursuant to

applicable to Equity Index-Linked Securities. This Amendment No. 1 to SR-NYSEArca-2017-54 replaces SR-NYSEArca-2017-54 as originally filed and supersedes such filing in its entirety.

Equity Index-Linked Securities are securities that provide for the payment at maturity (or earlier redemption) based on the performance of an underlying index or indexes of equity securities, securities of closed-end management investment companies registered under the Investment Company Act of 1940⁶ and/or Units.⁷ In addition to certain other generic listing criteria, Equity Index-Linked Securities must satisfy the generic quantitative initial and continued listing criteria under NYSE Arca Rule 5.2-E(j)(6)(B)(I) in order to become, and continue to be, listed and traded on the Exchange. Certain of the applicable quantitative criteria specify minimum or maximum thresholds that must be satisfied with respect to, for example, market value, trading volume, and dollar weight of the index represented by a single component or groups of components.

The applicable initial quantitative listing criteria include (i) that each underlying index is required to have at least ten component securities⁸; (ii) that each component security has a minimum market value of at least \$75 million, except that for each of the lowest dollar weighted component securities in the index that in the aggregate account for no more than 10% of the dollar weight of the index, the market value can be at least \$50 million; (iii) that component stocks that in the aggregate account for at least 90% of the weight of the index each have a minimum global monthly trading volume of 1,000,000

substantially equivalent listing rules.

⁶ 15 U.S.C. 80-1.

⁷ See Rule 5.2-E (j)(6)(B)(I)(1).

⁸ See Rule 5.2-E (j)(6)(B)(I)(1)(a).

shares, or minimum global notional volume traded per month of \$25,000,000, averaged over the last six months; (iv) that no underlying component security represents more than 25% of the dollar weight of the index, and the five highest dollar weighted component securities in the index do not in the aggregate account for more than 50% of the dollar weight of the index (60% for an index consisting of fewer than 25 component securities); and (v) that 90% of the index's numerical value and at least 80% of the total number of component securities meet the then current criteria for standardized option trading set forth in NYSE Arca Rule 5.3-O; except that an index will not be subject to this last requirement if (a) no underlying component security represents more than 10% of the dollar weight of the index and (b) the index has a minimum of 20 components.⁹ The applicable continued quantitative listing criteria require that component stocks that in the aggregate account for at least 90% of the weight of the index each have a minimum global monthly trading volume of 500,000 shares, or minimum global notional volume traded per month of \$12,500,000, averaged over the last six months.¹⁰

The Exchange proposes to amend NYSE Arca Rule 5.2-E (j)(6)(B)(I)(1)(a), which provides that each underlying index is required to have at least ten component securities, to provide that there shall be no minimum number of component securities if one or more issues of Derivative Securities Products or Index-Linked Securities constitute, at least in part, component securities underlying an issue of Equity Index-Linked Securities. The proposed amendment to NYSE Arca Rule 5.2-E (j)(6)(B)(I)(1)(a) also would provide that the securities described in Rule 5.2-E (j)(3)) and Section 2 of

⁹ See Rule 5.2-E (j)(6)(B)(I)(1)(b)(i)-(iv).

¹⁰ See Rule 5.2-E (j)(6)(B)(I)(2)(a)(ii).

Rule 8-E (that is, Derivative Securities Products), and Rule 5.2-E (j)(6) (that is, Index-Linked Securities), as referenced in proposed amended Rule 5.2-E (j)(6)(B)(I)(1)(b)(2) and Rule 5.2-E (j)(6)(B)(I)(2)(a) would include securities listed on another national securities exchange pursuant to substantially equivalent listing rules.¹¹

The Exchange also proposes to exclude Derivative Securities Products and Index-Linked Securities from consideration when determining whether the applicable quantitative generic thresholds have been satisfied under the initial listing standards specified in NYSE Arca Rule 5.2-E (j)(6)(B)(I)(1)(b)(i)-(iv) and the continued listing standards specified in NYSE Arca Rules 5.2-E (j)(6)(B)(I)(2)(a)(i) and (ii).¹² Thus, for example, when determining compliance with NYSE Arca Rule 5.2-E (j)(6)(B)(I)(1)(b)(ii), component stocks, excluding Derivative Securities Products or Index-Linked Securities, that in the aggregate account for at least 90% of the remaining index weight would be required to have a minimum global monthly trading volume of 1 million shares, or minimum global notional volume traded per month of 25 million,

¹¹ This provision is similar to that in Commentary .01(a) to NYSE Arca Rule 8.600-E relating to generic listing criteria applicable to issues of Managed Fund Shares.

¹² NYSE Arca Rules 5.2-E (j)(6)(B)(I)(2)(a)(i) and (ii) provide that the Corporation will maintain surveillance procedures for securities listed under Rule 5.2-E (j)(6) and may halt trading in such securities and will initiate delisting proceedings pursuant to Rule 5.5-E (m) (unless the Commission has approved the continued trading of the subject Index-Linked Security), if any of the standards set forth in Rules 5.2-E (j)(6)(B)(I)(1)(a) and 5.2-E (j)(6)(B)(I)(1)(b)(2) are not continuously maintained, except that: (i) the criteria that no single component represent more than 25% of the dollar weight of the index and the five highest dollar weighted components in the index cannot represent more than 50% (or 60% for indexes with less than 25 components) of the dollar weight of the index, need only be satisfied at the time the index is rebalanced (Rule 5.2-E (j)(6)(B)(I)(2)(a)(i)), and (ii) component stocks that in the aggregate account for at least 90% of the weight of the index each shall have a minimum global monthly trading volume of 500,000 shares, or minimum global notional volume traded per month of \$12,500,000, averaged over the last six months (Rule 5.2-E (j)(6)(B)(I)(2)(a)(ii)).

averaged over the last six months.

The Exchange proposes further to provide that the weighting limitation for the five highest weighted component securities in an index in NYSE Arca Rules 5.2-E (j)(6)(B)(I)(1)(b)(iii) and 5.2-E (j)(6)(B)(I)(2)(a)(i) would apply “to the extent applicable.”¹³ When considered in conjunction with the proposed amendment to NYSE Arca Rule 5.2-E (j)(6)(B)(I)(1)(a) referenced above, this language would make clear that an index that includes Derivative Securities Products or Index-Linked Securities may include fewer than five component securities.

The following examples illustrate how the proposed amendments would be applied:

1. Assume the components of an index are dollar weighted as follows: 25% in iShares MSCI Emerging Markets Index ETF (EEM), 25% in SPDR Gold Shares (GLD), 25% ETRACS Alerian MLP Index ETN Series B (AMUB) and 25% in the 500 components of the S&P 500 Index. EEM, GLD and AMUB would be excluded from the quantitative requirements under Rule 5.2-E(j)(6)(B)(I). The index would meet the requirement of Rule 5.2-E(j)(6)(B)(I)(1)(a). The index would not meet the requirement of Rule 5.2-E(j)(6)(B)(I)(1)(b)(1), so it would have to meet the requirements of proposed amended Rule 5.2-E(j)(6)(B)(I)(1)(b)(2). The S&P 500 stocks collectively account for 25% of the dollar weight of the index; no underlying component index security (excluding Derivative Securities Products and Index-Linked Securities) represent more than 25% of the dollar weight of the index, and the

¹³ The phrase “to the extent applicable” also is included in Commentary .01(a)(A)(3) to NYSE Arca Rule 5.2-E (j)(3) for Investment Company Units and Commentary .01(a)(1)(C) to NYSE Arca Rule 8.600-E for Managed Fund Shares.

- five highest dollar weighted component securities in the index (excluding Derivative Securities Products and Index-Linked Securities) do not in the aggregate account for more than 50% of the dollar weight of the index (consistent with proposed amended Rule 5.2-E(j)(6)(B)(I)(1)(b)(2)(iii)). In addition, the components of the S&P 500 Index would meet the quantitative requirements of proposed amended Rule 5.2-E(j)(6)(B)(I)(1)(b)(2)(i)-(iv).
2. Assume the components of an index are dollar weighted as follows: 25% iShares MSCI Emerging Markets Index ETF (EEM), 25% SPDR Gold Shares (GLD), 25% ETRACS Alerian MLP Index ETN Series B (AMUB) and 25% Apple Inc. (AAPL). EEM, GLD and AMUB would be excluded from the quantitative requirements of Rule 5.2-E(j)(6)(B)(I). The index would meet the requirement of Rule 5.2-E(j)(6)(B)(I)(1)(a). The index would not meet the requirement of Rule 5.2-E(j)(6)(B)(I)(1)(b)(1), so it would have to meet the requirements of proposed amended Rule 5.2-E(j)(6)(B)(I)(1)(b)(2). AAPL accounts for 25% of the index weight; therefore, no underlying component index security (excluding Derivative Securities Products and Index-Linked Securities) would represent more than 25% of the dollar weight of the index, (consistent with proposed amended Rule 5.2-E(j)(6)(B)(I)(1)(b)(2)(iii)). (The requirement that the five highest dollar weighted component securities in the index (excluding Derivative Securities Products and Index-Linked Securities) cannot account for more than 60% of the dollar weight of the index would be inapplicable because fewer than five non- Derivative Securities Products and non-Index-Linked Securities would be in the index.) In addition, AAPL

would meet the quantitative requirements of proposed amended Rule 5.2-E(j)(6)(B)(I)(1)(b)(2)(i)-(iv).

The Exchange believes that it is appropriate to exclude Derivative Securities Products and Index-Linked Securities from the generic listing and continued listing criteria specified above for Equity Index-Linked Securities because Derivative Securities Products and Index-Linked Securities that may be included in an index or portfolio underlying a series of Equity Index-Linked Securities are themselves subject to specific initial and continued listing requirements of the exchange on which they are listed. For example, Units listed and traded on the Exchange are subject to the listing standards specified under NYSE Arca Rule 5.2-E (j)(3). Also, Derivative Securities Products and Index-Linked Securities would have been listed and traded on an exchange pursuant to a filing submitted under Sections 19(b)(2) or 19(b)(3)(A) of the Act,¹⁴ or would have been listed by an exchange pursuant to the requirements of Rule 19b-4(e) under the Act.¹⁵ Derivative Securities Products and Index-Linked Securities are derivatively priced, and, therefore, the Exchange does not believe that it is necessary to apply the generic quantitative criteria (e.g., market capitalization, trading volume, or component weighting) applicable to securities that are not Derivative Securities Products or Index-Linked Securities (e.g., common stocks) to such products. Finally, by way of comparison, Derivative Securities Products are excluded from consideration when determining whether the components of Units satisfy the applicable listing criteria in Rule 5.2-E (j)(3)

¹⁴ 15 U.S.C. 78s(b)(2); 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(e).

¹⁶, and both Derivative Securities Products and Index-Linked Securities are excluded from the applicable listing criteria for Managed Fund Shares holding equity securities in Commentary .01 to Rule 8.600-E.¹⁷

The Exchange also proposes (1) to replace “investment company units” with “Investment Company Units” in two places in NYSE Arca Rule 5.2-E (j)(6)(B)(I)(1) in order to conform to other usages of this term in Exchange rules; (2) to replace the word “Index” with “index” in two places in Rule 5.2-E (j)(6)(B)(I)(2)(a)(i) to conform to other usages of this word in Rule 5.2-E (j)(6)(B)(I)(2); and (3) to make a correction in Rule 5.2-E(j)(6)(B)(I)(1)(b)(iv) by changing the reference to NYSE Arca Rule 5.3 to NYSE Arca Rule 5.3-O.

The Exchange notes that the proposed change is not otherwise intended to address any other issues and that the Exchange is not aware of any problems that ETP Holders or issuers would have in complying with the proposed change.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹⁸ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁹ in particular, because it is designed to prevent fraudulent and manipulative acts and

¹⁶ See Commentary .01 to NYSE Arca Rule 5.2-E (j)(3). See also, Securities Exchange Act Release No. 57751 (May 1, 2008), 73 FR 25818 (May 7, 2008) (SR-NYSEArca-2008-29) (order approving amendments to the eligibility criteria for components of an index underlying Investment Company Units).

¹⁷ See Commentary .01 to NYSE Arca Rule 8.600-E. See also, Securities Exchange Act Release No. 78397 (July 22, 2016), 81 FR 49320 (July 27, 2016) (SR-NYSEArca-2015-110) (order approving amendments to NYSE Arca Equities Rule 8.600 to adopt generic listing standards for Managed Fund Shares).

¹⁸ 15 U.S.C. 78f(b).

¹⁹ 15 U.S.C. 78f(b)(5).

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 change would facilitate the listing and trading of additional types of Equity Index-Linked Securities, which would enhance competition among market participants, to the benefit of investors and the marketplace. The proposed change would also result in greater efficiencies in the listing process with respect to Equity Index-Linked Securities by eliminating an unnecessary consideration regarding underlying components, which would therefore remove impediments to, and perfect the mechanism of, a free and open market. In addition, the proposed amendment to the Equity Index-Linked Securities listing criteria is intended to protect investors and the public interest in that it is consistent with the manner in which Derivative Securities Products are also excluded from consideration when determining whether the components of an index or portfolio underlying an issue of Units satisfy the applicable listing criteria,²⁰ and both Derivative Securities Products and Index-Linked Securities are excluded from the applicable listing criteria for Managed Fund Shares holding equity securities in Commentary .01 to Rule 8.600-E.²¹ Additionally, Equity Index-Linked Securities would remain subject to all existing listing standards, thereby maintaining existing levels of investor protection. The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices because the Equity Index-Linked Securities would continue to be listed and traded on the Exchange

²⁰ See supra, note 16.

²¹ See supra, note 17.

pursuant to the initial and continued listing criteria in Rule 5.2-E (j)(6). Further, the proposed change would not impact the existing listing process for Derivative Securities Products and Index-Linked Securities, whereby the exchanges on which such securities are listed must, for example, submit proposed rule changes with the Commission prior to listing and trading.

The Exchange believes that it is appropriate to exclude Derivative Securities Products and Index-Linked Securities from the generic criteria specified above for Equity Index-Linked Securities because Derivative Securities Products and Index-Linked Securities that may be included in an index or portfolio underlying a series of Equity Index-Linked Securities are themselves subject to specific initial and continued listing requirements of the exchange on which they are listed. For example, Units listed and traded on the Exchange are subject to the listing standards specified under NYSE Arca Rule 5.2-E (j)(3). Also, such Derivative Securities Products and Index-Linked Securities would have been listed and traded on an exchange pursuant to a filing submitted under Sections 19(b)(2) or 19(b)(3)(A) of the Act,²² or would have been listed by an exchange pursuant to the requirements of Rule 19b-4(e) under the Act.²³ The Exchange believes that quantitative factors--such as market value, global monthly trading volume, or weighting—when applied to index components (such as common stocks) underlying a series of Equity Index-Linked Securities, are relevant criteria in establishing that such series is sufficiently broad-based to minimize potential manipulation.²⁴ Derivative

²² 15 U.S.C. 78s(b)(2); 15 U.S.C. 78s(b)(3)(A).

²³ 17 CFR 240.19b-4(e).

²⁴ See, e.g., Securities Exchange Act Release No. 54739 (November 9, 2006), 71 FR 66693 (SR-Amex-2006-78) (order approving generic listing standards for

Securities Products and Index-Linked Securities, however, are derivatively priced, and, therefore, the Exchange does not believe that it is necessary to apply the generic quantitative criteria applicable to securities that are not Derivative Securities Products and Index-Linked Securities (e.g., common stocks) to such products. As noted above, Derivative Securities Products are excluded from consideration on NYSE Arca when determining whether the components of Units satisfy the applicable listing criteria,²⁵ and both Derivative Securities Products and Index-Linked Securities are excluded from the applicable listing criteria for Managed Fund Shares holding equity securities in Commentary .01 to Rule 8.600-E. Moreover, for shares of Derivative Securities Products that are not listed on an exchange pursuant to an exchange's generic listing rules, the Commission must first approve an exchange's proposed rule change under Section 19(b) of the Act regarding a particular Derivative Securities Product or Index-Linked Securities, which is subject to the representations and restrictions included in such

Portfolio Depositary Receipts and Index Fund Shares based on international or global indexes), in which the Commission stated that "these standards are reasonably designed to ensure that stocks with substantial market capitalization and trading volume account for a substantial portion of any underlying index or portfolio, and that when applied in conjunction with the other applicable listing requirements, will permit the listing only of ETFs that are sufficiently broad-based in scope to minimize potential manipulation."

²⁵ See Commentary .01 to NYSE Arca Rule 5.2-E (j)(3). See also Securities Exchange Act Release No. 57751 (May 1, 2008), 73 FR 25818 (May 7, 2008) (SR-NYSEArca-2008-29) (order approving amendments to eligibility criteria for components of an index underlying Investment Company Units), in which the Commission noted that "based on the trading characteristics of Derivative Securities Products, it may be difficult for component Derivative Securities Products to satisfy certain quantitative index criteria, such as the minimum market value and trading volume limitations. However, because Derivative Securities Products are themselves subject to specific initial and continued listing requirements, the Commission believes that it would be reasonable to exclude Derivative Securities Products, as components, from certain index component eligibility criteria for [Investment Company] Units."

proposed rule change.

The Exchange also believes it is appropriate to exclude Derivative Securities Products and Index-Linked Securities from the requirement under NYSE Arca Rule 5.2-E(j)(6)(B)(I)(1)(b)(iv) that 90% of the applicable index's numerical value and at least 80% of the total number of component securities will meet the criteria for standardized option trading set forth in NYSE Arca Rule 5.3-O. Rule 5.3-O includes criteria for securities underlying option contracts approved for listing and trading on the Exchange. Among such criteria are those applicable to "Exchange-Traded Fund Shares" (as referenced in NYSE Arca Rule 5.3-O(g)), Trust Issued Receipts (as referenced in NYSE Arca Rule 5.3--O (h)), Partnership Units (as referenced in NYSE Arca Rule 5.3-O (i)) and Index-Linked Securities (as referenced in NYSE Arca Rule 5.3-O (j)) that underlie Exchange-traded option contracts. The Exchange does not believe that criteria in Rule 5.3-O should be applied to Derivative Securities Products and Index-Linked Securities because such securities are subject to separate numerical and other criteria included in the applicable exchange listing rules, including both generic listing rules permitting listing pursuant to Rule 19b-4(e) and non-generic listing rules. Derivative Securities Products and Index-Linked Securities that are the subject of a Commission approval order under Section 19(b) of the Act also are subject to specific representations made in the applicable Rule 19b-4 filing. These include representations regarding the existence of comprehensive surveillance agreements between the applicable exchange and the principal markets for certain financial instruments underlying Derivative Securities Products, or percentage limitations on assets (e.g., non-U.S. stocks, futures and options) whose principal market

is not a member of the Intermarket Surveillance Group (“ISG”).²⁶

The Exchange believes it is appropriate to provide that the weighting limitation for the five highest weighted component securities in an index in NYSE Arca Rules 5.2-E (j)(6)(B)(I)(1)(b)(iii) and 5.2-E (j)(6)(B)(I)(2)(a)(i) would apply “to the extent applicable.” When considered in conjunction with the proposed amendment to NYSE Arca Rule 5.2-E (j)(6)(B)(I)(1)(a) referenced above, this language would make clear that an index that includes Derivative Securities Products or Index-Linked Securities may include fewer than five component securities. In addition, the phrase “to the extent applicable” is included in Commentary .01(a)(A)(3) to NYSE Arca Rule 5.2-E (j)(3) for Investment Company Units and Commentary .01(a)(1)(C) to NYSE Arca Rule 8.600-E for Managed Fund Shares.

The proposed replacement of “investment company units” with “Investment Company Units” in two places in NYSE Arca Rule 5.2-E (j)(6)(B)(I)(1) is appropriate as such changes conform to other usages of this term in Exchange rules. The proposed replacement of the word “Index” with “index” in two places in Rule 5.2-E (j)(6)(B)(I)(2)(a)(i) is appropriate as such changes would conform to other usages of this

²⁶ See, e.g., Securities Exchange Act Release No. 76719 (December 21, 2015), 80 FR 80859 (December 28, 2015) (order approving Exchange listing and trading of shares of the Guggenheim Total Return Bond ETF (“Fund”) under NYSE Arca Equities Rule 8.600), which filing stated: “Not more than 10% of the net assets of the Fund in the aggregate invested in equity securities (other than non-exchange-traded investment company securities) will consist of equity securities whose principal market is not a member of the ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement. In addition, not more than 10% of the net assets of the Fund in the aggregate invested in futures contracts or exchange-traded options contracts will consist of futures contracts or exchange-traded options contracts whose principal market is not a member of ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement.”

word in Rule 5.2-E (j)(6)(B)(I)(2). The proposed amendment to Rule 5.2-E(j)(6)(B)(I)(1)(b)(iv) is a correction to change the reference to NYSE Arca Rule 5.3 to NYSE Arca Rule 5.3-O.

The Exchange has in place surveillance procedures that are adequate to properly monitor trading in Index-Linked Securities in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws. All Index-Linked Securities listed pursuant to NYSE Arca Rule 5.2-E (j)(6) are included within the definition of “security” or “securities” as such terms are used in the Exchange rules and, as such, are subject to Exchange rules and procedures that currently govern the trading of securities on the Exchange. Trading in the securities will be halted under the conditions specified in NYSE Arca Rule 5.2-E (j)(6)(E).

For these reasons, the Exchange believes that the proposal is consistent with the Act.

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

In accordance with Section 6(b)(8) of the Act,²⁷ 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. Instead, the Exchange believes that the proposed change will encourage competition by enabling additional types of Equity Index-Linked Securities to be listed on the Exchange and, by eliminating an unnecessary consideration regarding underlying components, create a more efficient process surrounding the listing of Equity Index-Linked Securities.

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

²⁷ 15 U.S.C. 78f(b)(8).

No written comments were solicited or received with respect to the proposed rule change.

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

Within 45 days of the date of publication of this notice in the Federal Register or up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve or disapprove the proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSEARCA-2017-54 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-NYSEARCA-2017-54. 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 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-NYSEARCA-2017-54 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.²⁸

Robert W. Errett
Deputy Secretary

²⁸ 17 CFR 200.30-3(a)(12).

Underlining indicates new text;

[brackets] indicate deletions.

Bold italics indicate additions to Ex. 5 to SR-NYSEArca-2017-54 as originally filed
 Strikethroughs indicate deletions from Ex. 5 to SR-NYSEArca-2017-54 as originally filed

**Text of the Proposed Rule Change
 NYSE Arca ~~Equities~~ Rules**

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**Rule 5.2-E(j)(6). Equity Index-Linked Securities, Commodity-Linked Securities,
 Currency-Linked Securities, Fixed Income Index-Linked Securities, Futures-Linked
 Securities and Multifactor Index-Linked Securities**

**(B) Requirements Specific to Equity Index-Linked Securities, Commodity-Linked
 Securities, Currency-Linked Securities, Fixed Income Index-Linked Securities,
 Futures-Linked Securities and Multifactor Index-Linked Securities.**

The issue must meet one of the criteria set forth below.

I. Equity Index-Linked Securities Listing Standards

(1) The Corporation will consider listing Equity Index-Linked Securities that meet the requirements of this subparagraph (B)(I), where the payment at maturity or earlier redemption is based on an index or indexes of equity securities, securities of closed-end management investment companies registered under the Investment Company Act of 1940 (the "1940 Act") and/or [investment company units] Investment Company Units. The issue must meet the following initial listing criteria:

(a) Each underlying index is required to have at least ten (10) component securities; provided, however, that there shall be no minimum number of component securities if one or more issues of Derivative Securities Products (i.e., Investment Company Units (as described in Rule 5.2-E(j)(3)) and securities described in Section 2 of Rule 8-E) or Index-Linked Securities (as described in Rule 5.2-E(j)(6)), constitute, at least in part, component securities underlying an issue of Equity Index-Linked Securities. ***The securities described in Rule 5.2-E(j)(3), Section 2 of Rule 8-E, and Rule 5.2-E(j)(6), as referenced below in Rule 5.2-E(j)(6)(B)(I)(1)(b)(2) and Rule 5.2-E(j)(6)(B)(I)(2)(a) below, shall include securities listed on***

another national securities exchange pursuant to substantially equivalent listing rules.

- (b) The index or indexes to which the security is linked shall either (1) have been reviewed and approved for the trading of [investment company units] Investment Company Units or options or other derivatives by the Commission under Section 19(b)(2) of the Act and rules thereunder and the conditions set forth in the Commission's approval order, including comprehensive surveillance sharing agreements for non-U.S. stocks, continue to be satisfied, or (2) the index or indexes meet the following criteria:
- (i) Each component security (excluding Derivative Securities Products and Index-Linked Securities) has a minimum market value of at least \$75 million, except that for each of the lowest dollar weighted component securities in the index that in the aggregate account for no more than 10% of the dollar weight of the index (excluding Derivative Securities Products and Index-Linked Securities), the market value can be at least \$50 million;
- (ii) Component stocks (excluding Derivative Securities Products and Index-Linked Securities) that in the aggregate account for at least 90% of the weight of the index (excluding Derivative Securities Products and Index-Linked Securities) each shall have a minimum global monthly trading volume of 1,000,000 shares, or minimum global notional volume traded per month of \$25,000,000, averaged over the last six months;
- (iii) No underlying component security (excluding Derivative Securities Products and Index-Linked Securities) will represent more than 25% of the dollar weight of the index (~~excluding Derivative Securities Products and Index-Linked Securities~~), and, ***to the extent applicable***, the five highest dollar weighted component securities in the index (excluding Derivative Securities Products and Index-Linked Securities) do not in the aggregate account for more than 50% of the dollar weight of the index (~~excluding Derivative Securities Products and Index-Linked Securities~~) (60% for an index consisting of fewer than 25 component securities); and
- (iv) 90% of the index's numerical value (excluding Derivative Securities Products and Index-Linked Securities) and at least 80% of the total number of component securities (excluding Derivative Securities Products and Index-Linked Securities) will meet the then current criteria for standardized option trading set forth in NYSE Arca Rule 5.3-**O**; an index will not be subject to this requirement if (a) no underlying component security represents more than 10% of the dollar weight of the index (excluding Derivative Securities Products and Index-Linked Securities) and (b) the

index has a minimum of 20 components (excluding Derivative Securities Products and Index-Linked Securities); and

(2) Continued Listing Criteria—(a) The Corporation will maintain surveillance procedures for securities listed under this Rule 5.2-*E*(j)(6) and may halt trading in such securities and will initiate delisting proceedings pursuant to Rule 5.5-*E*(m) (unless the Commission has approved the continued trading of the subject Index-Linked Security), if any of the standards set forth above in paragraphs 1(a) and (b)(2) are not continuously maintained, except that:

(i) the criteria that no single component represent more than 25% of the dollar weight of the index (excluding Derivative Securities Products and Index-Linked Securities) and, ***to the extent applicable***, the five highest dollar weighted components in the index (excluding Derivative Securities Products and Index-Linked Securities) cannot represent more than 50% (or 60% for indexes with less than 25 components) of the dollar weight of the [I]index (~~excluding Derivative Securities Products and Index-Linked Securities~~), need only be satisfied at the time the [I]index is rebalanced;

(ii) Component stocks (excluding Derivative Securities Products and Index-Linked Securities) that in the aggregate account for at least 90% of the weight of the index (excluding Derivative Securities Products and Index-Linked Securities) each shall have a minimum global monthly trading volume of 500,000 shares, or minimum global notional volume traded per month of \$12,500,000, averaged over the last six months.

Underlining indicates new text;
[brackets] indicate deletions.

**Text of the Proposed Rule Change
NYSE Arca Rules**

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**Rule 5.2-E(j)(6). Equity Index-Linked Securities, Commodity-Linked Securities,
Currency-Linked Securities, Fixed Income Index-Linked Securities, Futures-Linked
Securities and Multifactor Index-Linked Securities**

**(B) Requirements Specific to Equity Index-Linked Securities, Commodity-Linked
Securities, Currency-Linked Securities, Fixed Income Index-Linked Securities,
Futures-Linked Securities and Multifactor Index-Linked Securities.**

The issue must meet one of the criteria set forth below.

I. Equity Index-Linked Securities Listing Standards

- (1) The Corporation will consider listing Equity Index-Linked Securities that meet the requirements of this subparagraph (B)(I), where the payment at maturity or earlier redemption is based on an index or indexes of equity securities, securities of closed-end management investment companies registered under the Investment Company Act of 1940 (the "1940 Act") and/or [investment company units] Investment Company Units. The issue must meet the following initial listing criteria:
 - (a) Each underlying index is required to have at least ten (10) component securities; provided, however, that there shall be no minimum number of component securities if one or more issues of Derivative Securities Products (i.e., Investment Company Units (as described in Rule 5.2-E(j)(3)) and securities described in Section 2 of Rule 8) or Index-Linked Securities (as described in Rule 5.2-E(j)(6)), constitute, at least in part, component securities underlying an issue of Equity Index-Linked Securities. The securities described in Rule 5.2-E(j)(3), Section 2 of Rule 8, and Rule 5.2-E(j)(6), as referenced below in Rule 5.2-E(j)(6)(B)(I)(1)(b)(2) and Rule 5.2-E(j)(6)(B)(I)(2)(a) below, shall include securities listed on another national securities exchange pursuant to substantially equivalent listing rules.

- (b) The index or indexes to which the security is linked shall either (1) have been reviewed and approved for the trading of [investment company units] Investment Company Units or options or other derivatives by the Commission under Section 19(b)(2) of the Act and rules thereunder and the conditions set forth in the Commission's approval order, including comprehensive surveillance sharing agreements for non-U.S. stocks, continue to be satisfied, or (2) the index or indexes meet the following criteria:
- (i) Each component security (excluding Derivative Securities Products and Index-Linked Securities) has a minimum market value of at least \$75 million, except that for each of the lowest dollar weighted component securities in the index that in the aggregate account for no more than 10% of the dollar weight of the index (excluding Derivative Securities Products and Index-Linked Securities), the market value can be at least \$50 million;
 - (ii) Component stocks (excluding Derivative Securities Products and Index-Linked Securities) that in the aggregate account for at least 90% of the weight of the index (excluding Derivative Securities Products and Index-Linked Securities) each shall have a minimum global monthly trading volume of 1,000,000 shares, or minimum global notional volume traded per month of \$25,000,000, averaged over the last six months;
 - (iii) No underlying component security (excluding Derivative Securities Products and Index-Linked Securities) will represent more than 25% of the dollar weight of the index, and, to the extent applicable, the five highest dollar weighted component securities in the index (excluding Derivative Securities Products and Index-Linked Securities) do not in the aggregate account for more than 50% of the dollar weight of the index (60% for an index consisting of fewer than 25 component securities); and
 - (iv) 90% of the index's numerical value (excluding Derivative Securities Products and Index-Linked Securities) and at least 80% of the total number of component securities (excluding Derivative Securities Products and Index-Linked Securities) will meet the then current criteria for standardized option trading set forth in NYSE Arca Rule 5.3-O; an index will not be subject to this requirement if (a) no underlying component security represents more than 10% of the dollar weight of the index (excluding Derivative Securities Products and Index-Linked Securities) and (b) the index has a minimum of 20 components (excluding Derivative Securities Products and Index-Linked Securities); and

- (2) Continued Listing Criteria—(a) The Corporation will maintain surveillance procedures for securities listed under this Rule 5.2-E(j)(6) and may halt trading in such securities and will initiate delisting proceedings pursuant to Rule 5.5-E(m) (unless the Commission has approved the continued trading of the subject Index-Linked Security), if any of the standards set forth above in paragraphs 1(a) and (b)(2) are not continuously maintained, except that:
- (i) the criteria that no single component represent more than 25% of the dollar weight of the index (excluding Derivative Securities Products and Index-Linked Securities) and, to the extent applicable, the five highest dollar weighted components in the index (excluding Derivative Securities Products and Index-Linked Securities) cannot represent more than 50% (or 60% for indexes with less than 25 components) of the dollar weight of the [I]index, need only be satisfied at the time the [I]index is rebalanced;
 - (ii) Component stocks (excluding Derivative Securities Products and Index-Linked Securities) that in the aggregate account for at least 90% of the weight of the index (excluding Derivative Securities Products and Index-Linked Securities) each shall have a minimum global monthly trading volume of 500,000 shares, or minimum global notional volume traded per month of \$12,500,000, averaged over the last six months.
