

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-83187; File No. SR-CboeBZX-2018-032)

May 8, 2018

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Continue Listing and Trading Shares of the Cambria Sovereign Bond ETF

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 1, 2018, Cboe BZX Exchange, Inc. (“Exchange” or “BZX”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange filed a proposal to amend a representation made in a proposed rule change previously filed with the Commission pursuant to Rule 19b-4 relating to the Cambria Sovereign Bond ETF (the “Fund”) (f/k/a Cambria Sovereign High Yield Bond ETF).

The text of the proposed rule change is available at the Exchange’s website at www.markets.cboe.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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 parts of such statements.

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

1. Purpose

The shares of the Fund (the “Shares”) are listed and traded on the Exchange under Rule 14.11(i), which governs the listing and trading of Managed Fund Shares, pursuant to an immediately effective rule filing.³ The Fund is a series of the Cambria ETF Trust (the “Trust”), which is organized as a Delaware statutory trust and is registered with the Commission as an open-end management investment company.⁴

³ See Securities Exchange Act Release No. 79618 (December 20, 2016), 81 FR 95252 (December 27, 2016) (SR-BatsBZX-2016-88) (the “Prior Notice”). The Exchange notes that the Commission previously approved a proposal to list and trade the Shares on NYSE Arca, Inc. See Securities Exchange Act Release No. 75540 (July 28, 2015), 80 FR 46359 (August 4, 2015) (SR-NYSEArca-2015-50) (the “Arca Approval Order”).

⁴ See Registration Statement on Form N-1A for the Trust, dated September 30, 2015 (File Nos. 333-180879 and 811-22704) (the “Registration Statement”). The Commission has issued an order granting certain exemptive relief to the Trust under the Investment Company Act of 1940 (15 U.S.C 80a-1) (“1940 Act”) (the “Exemptive Order”). See Investment Company Act Release No. 30340 (January 4, 2013) (File No. 812-13959). The Trust also submitted to the Commission a “Supplement dated January 20, 2017 to the Summary Prospectus, Statutory Prospectus (collectively, the “Prospectuses”) and Statement of Additional Information (“SAI”) dated September 1, 2016, as each may be amended or supplemented” (the “January 20 Supplement”) outlining the proposed change to the investment strategy as well as a “Supplement dated August 24, 2017 to the Summary Prospectus, Statutory Prospectus (collectively, the “Prospectuses”) and Statement of Additional Information (“SAI”) dated September 1, 2016, as each may be amended or supplemented” in order to provide notice that the investment strategy change had been replaced as described in the January 20 Supplement. See https://www.sec.gov/Archives/edgar/data/1529390/000139834417000671/fp0023454_497.htm and https://www.sec.gov/Archives/edgar/data/1529390/000139834417010795/fp0027628_497.htm, respectively.

In this proposed rule change, the Exchange proposes to amend a representation made in the Prior Notice relating to changes to the investment strategy of the Fund, as described below.⁵ The Prior Notice (and the Arca Approval Order) contains the following representation regarding the holdings of the Fund: “under normal market conditions,⁶ at least 80% of the value of the Fund’s net assets (plus borrowings for investment purposes) will be invested in sovereign and quasi-sovereign high yield bonds (commonly known as “junk bonds”).⁷” Based on the changes to the Fund’s investment strategy outlined in the January 20 Supplement, the Exchange is proposing to change this representation such that it is consistent with the new investment strategy. The Exchange proposes that the sentence would instead read “under normal market conditions,⁸ at least 80% of the value of the Fund’s net assets (plus borrowings for investment purposes) will be invested in sovereign and quasi-sovereign bonds.”

⁵ The Exchange notes that while a change was made to the principal investment strategy, there were no changes to the Fund’s investment objective, the method or methods used to select the Fund’s portfolio investments, or the Fund’s fees and expenses.

⁶ The term “under normal market conditions” includes, but is not limited to, the absence of extreme volatility or trading halts in the equity markets or the financial markets generally; operational issues causing dissemination of inaccurate market information; or force majeure type events such as systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.

⁷ Sovereign and quasi-sovereign bonds include securities issued or guaranteed by foreign governments (including political subdivisions) or their authorities, agencies, or instrumentalities or by supra-national agencies. Supra-national agencies are agencies whose member nations make capital contributions to support the agencies’ activities. Examples include the International Bank for Reconstruction and Development (the World Bank), the Asian Development Bank, the European Coal and Steel Community, and the Inter-American Development Bank.

⁸ The term “under normal market conditions” includes, but is not limited to, the absence of extreme volatility or trading halts in the equity markets or the financial markets generally; operational issues causing dissemination of inaccurate market information; or force majeure type events such as systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.

Practically speaking, while the Fund is currently required to hold at least 80% of its net assets in high yield (i.e. lower credit quality) sovereign and quasi-sovereign bonds, this proposed change will additionally allow the Fund to hold investment grade (i.e. higher credit quality) sovereign and quasi-sovereign bonds, thereby increasing the credit quality of the Fund's holdings in sovereign and quasi-sovereign bonds. As noted above, the investment objective of the Fund will remain unchanged. All other statements and representations made in the Prior Notice regarding the description of the portfolio or reference assets, limitations on portfolio holdings or reference assets, dissemination and availability of reference assets and intraday indicative values, and the applicability of Exchange listing rules specified in the Prior Notice remain true and shall continue to constitute continued listing requirements for the Fund. Additionally, the change proposed above will constitute a continued listing requirement for the Fund.

2. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act⁹ in general and Section 6(b)(5) of the Act¹⁰ in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest. Specifically, the Exchange believes that the proposal 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.

As described above, all of the representations from the Prior Notice which formed the basis for the Prior Notice becoming immediately effective remain true and will continue to

⁹ 15 U.S.C. 78f.

¹⁰ 15 U.S.C. 78f(b)(5).

constitute continued listing requirements for the Fund with the exception of the single representation that the Exchange is proposing to amend. This proposed change will not make any changes to the types of instruments that the Fund can hold, but will allow the Fund to hold those instruments when they are issued by more creditworthy issuers. As such, the Exchange believes that the proposal does not raise any substantive issues that were not previously addressed in the Prior Notice and Arca Approval Order. As proposed, the Fund would be able to continue to hold the same lower credit quality sovereign and quasi-sovereign bonds and the only additional investments that would become available to the Fund would be investment grade sovereign and quasi-sovereign bonds.

As such, the Exchange believes that the proposal 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 a national market system, and, in general, to protect investors and the public interest because there are no substantive issues raised by this proposal that were not otherwise addressed by the Prior Notice and the Arca Approval Order.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Act. The Exchange believes that the proposal to allow the Fund to amend its investment strategy will enhance competition among both market participants and listing venues, to the benefit of investors and the marketplace.

C. 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.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹¹ and Rule 19b-4(f)(6) thereunder.¹²

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act¹³ normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)¹⁴ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay to allow the Fund to immediately improve the credit quality of its bond portfolio while complying with the applicable continued listing representations. The Exchange does not believe that there is any reason for delay when the change is only designed to allow the Fund to hold higher credit quality versions of instruments that it is already allowed to hold. The Commission believes that waiver of the 30-day operative delay is consistent with the

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(6). As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and the text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

¹³ 17 CFR 240.19b-4(f)(6).

¹⁴ 17 CFR 240.19b-4(f)(6)(iii).

protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposed rule change operative upon filing.¹⁵

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number CboeBZX-2018-032 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 CboeBZX-2018-032. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your

¹⁵ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number CboeBZX-2018-032 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.¹⁶

Eduardo A. Aleman
Assistant Secretary

¹⁶ 17 CFR 200.30-3(a)(12).