SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-70008; File No. SR-NYSEArca-2013-70)

July 19, 2013

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change to List and Trade Shares of First Trust Inflation Managed Fund

Pursuant to Section 19(b)(1)[1] of the Securities Exchange Act of 1934 ("Act")[2] and Rule 19b-4 thereunder,[3] notice is hereby given that, on July 8, 2013, NYSE Arca, Inc. ("Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission ("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 list and trade shares of the following under NYSE Arca Equities Rule 8.600 ("Managed Fund Shares"): First Trust Inflation Managed Fund. The text of 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.

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

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1 15 U.S.C. 78s(b)(1).

2 15 U.S.C. 78a.

3 17 CFR 240.19b-4.

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 Exchange proposes to list and trade the shares ("Shares") of the following under NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares[4] on the Exchange: First Trust Inflation Managed Fund ("Fund").[5] The Shares will be offered by First Trust Exchange-Traded Fund IV (the "Trust"), which is organized as a Massachusetts business trust and is registered with the Commission as an open-end management investment company.[6]

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4 A Managed Fund Share is a security that represents an interest in an investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1) ("1940 Act") organized as an open-end investment company or similar entity that invests in a portfolio of securities selected by its investment adviser consistent with its investment objectives and policies. In contrast, an open-end investment company that issues Investment Company Units, listed and traded on the Exchange under NYSE Arca Equities Rule 5.2(j)(3), seeks to provide investment results that correspond generally to the price and yield performance of a specific foreign or domestic stock index, fixed income securities index or combination thereof.

5 The Commission has previously approved listing and trading on the Exchange of a number of actively managed funds under Rule 8.600. See, e.g., Securities Exchange Act Release Nos. 57801 (May 8, 2008), 73 FR 27878 (May 14, 2008) (SR-NYSEArca-2008-31) (order approving Exchange listing and trading of twelve actively-managed funds of the WisdomTree Trust); 60460 (August 7, 2009), 74 FR 41468 (August 17, 2009) (SR-NYSEArca-2009-55) (order approving listing of Dent Tactical ETF); 62502 (July 15, 2010), 75 FR 42471 (July 21, 2010) (SR-NYSEArca-2010-57) (order approving listing of AdvisorShares WCM/BNY Mellon Focused Growth ADR ETF); 69251 (March 28, 2013), 78 FR 20162 (April 3, 2013) (SR-NYSEArca-2013-14) (order approving listing of Cambria Shareholder Yield ETF).

6 The Trust is registered under the 1940 Act. On December 7, 2012, the Trust filed with the Commission an amendment to the Trust's registration statement on Form N-1A under the Securities Act of 1933 ("1933 Act") and under the 1940 Act relating to the Fund (File Nos. 333-174332 and 811-22559) ("Registration Statement"). The description of the operation of the Trust and the Fund herein is based, in part, on the Registration

The investment adviser to the Fund will be First Trust Advisors L.P. (the "Adviser" or "First Trust"). First Trust Portfolios L.P. (the "Distributor") will be the principal underwriter and distributor of the Fund's Shares. Bank of New York Mellon (the "Administrator" or "BNY") will serve as administrator, custodian and transfer agent for the Fund.

Commentary .06 to Rule 8.600 provides that, if the investment adviser to the investment company issuing Managed Fund Shares is affiliated with a broker-dealer, such investment adviser shall erect a "fire wall" between the investment adviser and the broker-dealer with respect to access to information concerning the composition and/or changes to such investment company portfolio. In addition, Commentary .06 further requires that personnel who make decisions on the open-end fund's portfolio composition must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the open-end fund's portfolio.[7] Commentary .06 to Rule 8.600 is similar to Commentary .03(a)(i) and (iii) to NYSE Arca Equities Rule 5.2(j)(3); however, Commentary .06 in connection with the

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Statement. In addition, the Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act. See Investment Company Act Release No. 28468 (October 27, 2008) (File No. 812-13477) ("Exemptive Order").

7 An investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 (the "Advisers Act"). As a result, the Adviser and its related personnel are subject to the provisions of Rule 204A-1 under the Advisers Act relating to codes of ethics. This Rule requires investment advisers to adopt a code of ethics that reflects the fiduciary nature of the relationship to clients as well as compliance with other applicable securities laws. Accordingly, procedures designed to prevent the communication and misuse of non-public information by an investment adviser must be consistent with Rule 204A-1 under the Advisers Act. In addition, Rule 206(4)-7 under the Advisers Act makes it unlawful for an investment adviser to provide investment advice to clients unless such investment adviser has (i) adopted and implemented written policies and procedures reasonably designed to prevent violation, by the investment adviser and its supervised persons, of the Advisers Act and the Commission rules adopted thereunder; (ii) implemented, at a minimum, an annual review regarding the adequacy of the policies and procedures established pursuant to subparagraph (i) above and the effectiveness of their implementation; and (iii) designated an individual (who is a supervised person) responsible for administering the policies and procedures adopted under subparagraph (i) above.

establishment of a “fire wall” between the investment adviser and the broker-dealer reflects the applicable open-end fund’s portfolio, not an underlying benchmark index, as is the case with index-based funds. The Adviser is not a broker-dealer but is affiliated with First Trust Portfolios L.P., a broker-dealer, and has implemented a fire wall with respect to its broker-dealer affiliate regarding access to information concerning the composition and/or changes to the portfolio. In the event (a) the Adviser or any sub-adviser becomes newly affiliated with a broker-dealer, or (b) any new adviser or sub-adviser is a registered broker-dealer or becomes affiliated with a broker-dealer, it will implement a fire wall with respect to its relevant personnel or its broker-dealer affiliate regarding access to information concerning the composition and/or changes to the portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio.

According to the Registration Statement, the Fund’s primary investment objective will be to seek long-term capital appreciation and its secondary investment objective will be to seek current income. The Fund will be an actively managed exchange-traded fund that will invest in (1) exchange-listed common stocks and other equity securities described below (including “Depositary Receipts”, as defined herein) of companies in the agriculture, energy and metals and mining sectors; (2) exchange-traded products (the “Underlying ETPs”)[8] that hold commodities, such as gold and silver, or futures on such commodities; (3) debt securities and Underlying ETPs

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[8] The term “Underlying ETPs” includes Investment Company Units (as described in NYSE Arca Equities Rule 5.2(j)(3)); Portfolio Depositary Receipts (as described in NYSE Arca Equities Rule 8.100); Trust Issued Receipts (as described in NYSE Arca Equities Rule 8.200); Commodity-Based Trust Shares (as described in NYSE Arca Equities Rule 8.201); Currency Trust Shares (as described in NYSE Arca Equities Rule 8.202); Commodity Index Trust Shares (as described in NYSE Arca Equities Rule 8.203); Trust Units (as described in NYSE Arca Equities Rule 8.500); Managed Fund Shares (as described in NYSE Arca Equities Rule 8.600); and closed-end funds. The Underlying ETPs all will be listed and traded in the U.S. on registered exchanges.

that invest in such securities; and (4) real estate interests, including other exchange-traded funds that invest in such interests.

The asset class allocation between equity securities, bonds, commodities and real estate will be performed on a quarterly basis by First Trust. Changes to the asset allocation will be considered on a shorter-time frame if market conditions warrant.[9] After the initial asset class allocation, the securities for each asset type will be selected as described below.

Equity Allocation

According to the Registration Statement, the Fund may invest in equity securities, which include common stocks; preferred securities; warrants to purchase common stocks or preferred securities; securities convertible into common stocks or preferred securities; and other securities with equity characteristics. The Fund also may invest in U.S. dollar-denominated foreign equity securities.[10]

Under normal market conditions,[11] the Fund will invest, in addition to common stocks, in U.S. dollar-denominated sponsored depositary receipts, which will include American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs"), European Depositary Receipts ("EDRs") and American Depositary Shares ("ADSs") (collectively "Depositary Receipts")[12], of

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9 Such market conditions could include periods of extreme volatility and force majeure events including, but not limited to, elements of nature or acts of God, earthquakes, strikes, riots, acts of war, terrorism or other national emergencies.

10 See notes 12 and 30, infra.

11 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.

12 The equity securities, including Depositary Receipts, in which the Fund will invest will trade in markets that are members of the Intermarket Surveillance Group ("ISG") or are

agriculture, energy and metals and mining companies.

The Adviser anticipates that the equities portion of the portfolio initially will represent 60% of the net assets of the Fund, although this percentage may vary over time.

According to the Registration Statement, an initial universe of inflation-related stocks will be created by selecting stocks of agricultural, energy and metals and mining companies that trade on a U.S. stock exchange and have adequate liquidity for investment. The Fund's portfolio will be selected by examining the historical financial results of the securities from the initial universe. Companies that do not produce positive cash flow or companies with credit quality issues will be eliminated. The securities will then be evaluated by fundamental factors such as sales, earnings and cash flow growth; valuation factors such as price/earnings, price/cash flow, price/sales and price/book; and technical factors such as price momentum and earnings surprises. An estimated value will be calculated for each of the companies. The companies that currently trade at an attractive market price relative to their estimated value will be favored over companies that do not. The final portfolio will then be selected by the Adviser based on the security's fundamentals, valuation and technical factors, the security's relative valuation and other qualitative factors such as competitive advantages, new products and quality of management.

Bond Allocation

The Fund will invest in the types of bonds described below primarily through investing in Underlying ETPs that concentrate in these types of holdings. Bonds with fixed coupons during periods of rising inflation expectations may likely experience price depreciation due to the impact of rising interest rates. According to the Registration Statement, the negative effects of

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parties to comprehensive surveillance sharing agreements with the Exchange. See note 30, infra.

inflation on bonds may be offset through Underlying ETPs that invest in inflation-linked bonds. Inflation-linked government bonds, commonly known in the U.S. as Treasury Inflation-Protected Securities ("TIPS"), are securities issued by governments that are designed to provide inflation protection to investors. The coupon payments and principal value on these securities are adjusted according to inflation over the life of the bonds. The Underlying ETPs chosen to represent the bond portion of the portfolio will be reviewed for capitalization, liquidity, expenses, tracking error and taxation structure factors. First Trust anticipates that the bond portion of the portfolio will initially represent approximately 20% of the net assets of the Fund, although this percentage may vary over time.

The Fund, through investments in Underlying ETPs, will invest primarily in investment grade debt securities with respect to the bond portion of its portfolio and may invest up to 15% of its net assets in high yield debt securities, including leveraged loans,[13] that are rated below-investment grade at the time of purchase, or unrated securities deemed by the Fund's Adviser to be of comparable quality. "Below investment grade" is defined as those securities that have a long-term credit rating below "BBB-" by Standard & Poor's Rating Group, a division of McGraw Hill Companies, Inc. ("S&P"), or below "Baa3" by Moody's Investors Service, Inc. ("Moody's") or comparably rated by another nationally recognized statistical rating organization ("NRSRO").

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[13] Under normal market conditions, the Fund may invest up to 15% of its net asset value in leveraged loans, including senior secured bank loans, unsecured and/or subordinated bank loans, loan participations and unfunded contracts. The Fund may invest in such loans by purchasing assignments of all or a portion of loans or loan participations from third parties. These loans are made by or issued to corporations primarily to finance acquisitions, refinance existing debt, support organic growth, or pay out dividends, and are typically originated by large banks and are then syndicated out to institutional investors as well as to other banks.

The Fund, or the Underlying ETPs in which it may invest, may invest in a variety of debt securities, including corporate debt securities, U.S. government securities and non-U.S. debt securities. Corporate debt securities are fixed-income securities issued by businesses to finance their operations. Notes, bonds, debentures and commercial paper are the most common types of corporate debt securities, with the primary difference being their maturities and secured or unsecured status. Commercial paper has the shortest term and is usually unsecured. Certain debt securities held by the Fund may include debt instruments that have economic characteristics that are similar to preferred securities. Such debt instruments are typically issued by corporations, generally in the form of interest bearing notes, or by an affiliated business trust of a corporation, generally in the form of (i) beneficial interests in subordinated debentures or similarly structured securities or (ii) more senior debt securities that pay income and trade in a manner similar to preferred securities. Such debt instruments that have economic characteristics similar to preferred securities include trust preferred securities, hybrid trust preferred securities and senior notes/baby bonds.

The Fund will invest in Underlying ETPs that are designed to track government bond indexes, bank loan indexes, and floating rate security indexes.

Commodities Allocation

The Fund will invest in commodities through investing in Underlying ETPs that invest in commodities or futures on such commodities, such as gold, silver and commodity indexes. According to the Registration Statement, in general, commodities have relatively high correlations with inflation, and the prices of real assets, such as gold, silver, oil and copper, often rise along with increasing interest rates and inflation. Additionally, commodities normally move in the opposite direction of the U.S. dollar. First Trust anticipates that the commodities portion of the portfolio will represent 10% of the initial net assets of the Fund, although this percentage may vary over time.

Real Estate Allocation

The Fund will invest in U.S. exchange-listed securities of real estate investment trusts ("REITS"). According to the Registration Statement, in general, real estate prices have generated a correspondingly large increase in return and largely preserved the purchasing power of the original investment during periods of high inflation. The real estate portion of the portfolio will represent 10% of the initial net assets of the Fund, although this percentage may vary over time. The Fund also may invest in exchange-traded funds designed to track real estate indexes.

Other Investments

Normally, the Fund will invest substantially all of its assets in the securities allocations described above to meet its investment objectives. The Fund may invest the remainder of its assets in securities with maturities of less than one year or cash equivalents, or it may hold cash. The percentage of the Fund invested in such holdings may vary and depend on several factors, including market conditions. For temporary defensive purposes and during periods of high cash inflows or outflows, the Fund may depart from its principal investment strategies and invest part or all of its assets in these securities or it may hold cash.[14] During such periods, the Fund may

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[14] The Fund may, without limit as to percentage of assets, purchase U.S. government securities or short-term debt securities to keep cash on hand fully invested or for temporary defensive purposes. Short-term debt securities are securities from issuers having a long-term debt rating of at least A by S&P, Moody's or Fitch, Inc. ("Fitch") and having a maturity of one year or less. The use of these temporary investments will not be a part of a principal investment strategy of the Fund. Short-term debt securities are defined to include, without limitation, the following: (1) U.S. government securities, including bills, notes and bonds differing as to maturity and rates of interest, which are either issued or guaranteed by the U.S. Treasury or by U.S. government agencies or

not be able to achieve its investment objectives. The Fund may adopt a defensive strategy when the portfolio manager believes securities in which the Fund normally invests have elevated risks due to political or economic factors and in other extraordinary circumstances.

The Fund may invest up to 15% of its net assets in U.S. exchange-listed futures, interest rate swaps, total return swaps, non-U.S. currency swaps, credit default swaps[15], U.S. exchange-listed options, forward contracts and other derivative instruments in the aggregate to seek to enhance returns,[16] to hedge some of the risks of its investments in securities[17], as a substitute for a position in the underlying asset, to reduce transaction costs, to maintain full market exposure in a given asset class, to manage cash flows, to limit exposure to losses due to changes to non-U.S. currency exchange rates or to preserve capital.[18]

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instrumentalities. (2) Certificates of deposit issued against funds deposited in a bank or savings and loan association. (3) Bankers' acceptances, which are short-term credit instruments used to finance commercial transactions. (4) Repurchase agreements, which involve purchases of debt securities. (5) Bank time deposits, which are monies kept on deposit with banks or savings and loan associations for a stated period of time at a fixed rate of interest. (6) Commercial paper, which are short-term unsecured promissory notes, including variable rate master demand notes issued by corporations to finance their current operations. Master demand notes are direct lending arrangements between the Fund and a corporation. The Fund may only invest in commercial paper rated A-1 or higher by S&P, Prime-1 or higher by Moody's or F2 or higher by Fitch.

15 To the extent practicable, the Fund will invest in swaps cleared through the facilities of a centralized clearing house.

16 For example, the Fund may sell exchange-listed covered calls on equity positions in the portfolio in order to enhance its income.

17 The Fund may use derivative investments to hedge against interest rate and market risks. The Fund may engage in various interest rate and currency hedging transactions, including buying or selling U.S. exchange-listed options or entering into other transactions including forward contracts, fully collateralized swaps and other derivatives transactions.

18 According to the Registration Statement, the Fund will not enter into futures and options transactions if the sum of the initial margin deposits and premiums paid for unexpired options or futures exceeds 5% of the Fund's total assets.

The Fund will only enter into transactions in derivative instruments with counterparties that First Trust reasonably believes are capable of performing under the contract[19] and will post as collateral at least $250,000 each day.

The Fund may invest in shares of money market funds to the extent permitted by the 1940 Act.

The Fund may not invest 25% or more of the value of its total assets in securities of issuers in any one industry or group of industries. This restriction does not apply to obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities.[20]

The Fund may hold up to an aggregate amount of 15% of its net assets in illiquid securities (calculated at the time of investment), including Rule 144A securities deemed illiquid by the Adviser[21] and master demand notes. The Fund will monitor its portfolio liquidity on an ongoing basis to determine whether, in light of current circumstances, an adequate level of liquidity is being maintained, and will consider taking appropriate steps in order to maintain

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19 The Fund will seek, where possible, to use counterparties, as applicable, whose financial status is such that the risk of default is reduced; however, the risk of losses resulting from default is still possible. The Adviser's Execution Committee will evaluate the creditworthiness of counterparties on an ongoing basis. In addition to information provided by credit agencies, the Adviser's analysts will evaluate each approved counterparty using various methods of analysis, including the counterparty's liquidity in the event of default, the broker-dealer's reputation, the Adviser's past experience with the broker-dealer, the Financial Industry Regulatory Authority's ("FINRA") BrokerCheck and disciplinary history and its share of market participation.

20 See Form N-1A, Item 9. The Commission has taken the position that a fund is concentrated if it invests more than 25% of the value of its total assets in any one industry. See, e.g., Investment Company Act Release No. 9011 (October 30, 1975), 40 FR 54241 (November 21, 1975).

21 In reaching liquidity decisions, the Adviser may consider the following factors: the frequency of trades and quotes for the security; the number of dealers wishing to purchase or sell the security and the number of other potential purchasers; dealer undertakings to make a market in the security; and the nature of the security and the nature of the marketplace trades (e.g., the time needed to dispose of the security, the method of soliciting offers, and the mechanics of transfer).

adequate liquidity if, through a change in values, net assets, or other circumstances, more than 15% of the Fund's net assets are held in illiquid securities. Illiquid securities include securities subject to contractual or other restrictions on resale and other instruments that lack readily available markets as determined in accordance with Commission staff guidance.[22]

The Fund intends to qualify annually and to elect to be treated as a regulated investment company ("RIC") under the Internal Revenue Code.[23]

The Fund may invest up to 10% of its net assets in inverse Underlying ETPs, but it will not invest in leveraged or inverse leveraged Underlying ETPs.

The Fund's investments will be consistent with the Fund's investment objectives and will not be used to enhance leverage. That is, while the Fund will be permitted to borrow as permitted under the 1940 Act, the Fund's investments will not be used to seek performance that is the multiple or inverse multiple (i.e., 2Xs and 3Xs) of the Fund's broad-based securities market index (as defined in Form N-1A) (i.e., S&P 500).

The Shares will conform to the initial and continued listing criteria under NYSE Arca Equities Rule 8.600. The Exchange represents that, for initial and/or continued listing, the Fund

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[22] The Commission has stated that long-standing Commission guidelines have required open-end funds to hold no more than 15% of their net assets in illiquid securities and other illiquid assets. See Investment Company Act Release No. 28193 (March 11, 2008), 73 FR 14618 (March 18, 2008), footnote 34. See also, Investment Company Act Release No. 5847 (October 21, 1969), 35 FR 19989 (December 31, 1970) (Statement Regarding "Restricted Securities"); Investment Company Act Release No. 18612 (March 12, 1992), 57 FR 9828 (March 20, 1992) (Revisions of Guidelines to Form N-1A). A fund's portfolio security is illiquid if it cannot be disposed of in the ordinary course of business within seven days at approximately the value ascribed to it by the fund. See Investment Company Act Release No. 14983 (March 12, 1986), 51 FR 9773 (March 21, 1986) (adopting amendments to Rule 2a-7 under the 1940 Act); Investment Company Act Release No. 17452 (April 23, 1990), 55 FR 17933 (April 30, 1990) (adopting Rule 144A under the 1933 Act).

[23] 26 U.S.C. 851.

will be in compliance with Rule 10A-3[24] under the Act, as provided by NYSE Arca Equities Rule 5.3. A minimum of 100,000 Shares for the Fund will be outstanding at the commencement of trading on the Exchange. The Exchange will obtain a representation from the issuer of the Shares that the NAV per Share will be calculated daily and that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time.

Creations and Redemptions

The Fund will issue and redeem Shares on a continuous basis, at net asset value ("NAV"), only in large specified blocks each consisting of 50,000 Shares (each such block of Shares, called a "Creation Unit," and any group of Creation Units, the "Creation Unit Aggregation"). The Creation Units will be issued and redeemed for securities in which the Fund will invest, cash or both securities and cash.

The consideration for purchase of Creation Units of the Fund may consist of (i) cash in lieu of all or a portion of a basket of equity securities ("Deposit Securities"), and/or (ii) a designated portfolio of equity securities generally held by the Fund as determined by First Trust per each Creation Unit ("Fund Securities") and generally an amount of cash (the "Cash Component"). Together, the Deposit Securities and the Cash Component (including the cash in lieu amount) constitute the "Fund Deposit," which represents the minimum initial and subsequent investment amount for a Creation Unit of the Fund.

BNY, through the National Securities Clearing Corporation ("NSCC"), will make available on each business day, prior to the opening of business of the New York Stock Exchange ("NYSE") (currently 9:30 a.m., Eastern time ("E.T.")), the list of the names and the

24 17 CFR 240.10A-3.

required number of shares of each Deposit Security to be included in the current Fund Deposit (based on information at the end of the previous business day) for the Fund.

In addition to the list of names and numbers of securities constituting the current Deposit Securities of a Fund Deposit, BNY, through the NSCC, also will make available on each business day, the estimated Cash Component, effective through and including the previous business day, per Creation Unit of the Fund.

All orders to create or redeem Creation Units must be received by the transfer agent no later than the closing time of the regular trading session on the NYSE (ordinarily 4:00 p.m., E.T.) in each case on the date such order is placed in order for creation or redemption of Creation Units to be effected based on the NAV of Shares of the Fund as next determined on such date after receipt of the order in proper form.

Fund Shares may be redeemed only in Creation Units at their NAV next determined after receipt of a redemption request in proper form by the Fund through the transfer agent and only on a business day. The Fund will not redeem Shares in amounts less than a Creation Unit. Investors must accumulate enough Shares in the secondary market to constitute a Creation Unit in order to have such Shares redeemed by the Trust. With respect to the Fund, BNY, through the NSCC, will make available prior to the opening of business on the NYSE (currently 9:30 a.m., E.T.) on each business day, the identity of the Fund Securities that will be applicable (subject to possible amendment or correction) to redemption requests received in proper form on that day. Fund Securities received on redemption may not be identical to Deposit Securities that are applicable to creations of Creation Units.

Unless cash redemptions are available or specified for the Fund, the redemption proceeds for a Creation Unit generally will consist of Fund Securities--as announced on the business day of the request for redemption received in proper form--plus or minus cash in an amount equal to the difference between the NAV of the Fund Shares being redeemed, as next determined after a receipt of a request in proper form, and the value of the Fund Securities, less the applicable redemption transaction fee as described in the Registration Statement and, if applicable, any operational processing and brokerage costs, transfer fees or stamp taxes.

Net Asset Value

The Fund's NAV will be determined as of the close of trading (normally 4:00 p.m., E.T.) on each day the NYSE is open for business. NAV will be calculated for the Fund by taking the market price of the Fund's total assets, including interest or dividends accrued but not yet collected, less all liabilities, and dividing such amount by the total number of Shares outstanding. The result, rounded to the nearest cent, will be the NAV per Share.

The Fund's investments will be valued at market value or, in the absence of market value with respect to any portfolio securities, at fair value in accordance with valuation procedures adopted by the Trust's Board of Trustees ("Board") and in accordance with the 1940 Act. Portfolio securities traded on more than one securities exchange will be valued at the last sale price or, if so disseminated by an exchange, the official closing price, on the business day as of which such value is being determined at the close of the exchange representing the principal market for such securities. Portfolio securities traded in the over-the-counter market will be valued at the closing bid prices. Short-term investments that mature in less than 60 days when purchased will be valued at amortized cost.

Availability of Information

The Fund's website (www.ftportfolios.com), which will be publicly available prior to the public offering of Shares, will include a form of the prospectus for the Fund that may be downloaded. The Fund's website will include additional quantitative information updated on a daily basis, including, for the Fund, (1) daily trading volume, the prior business day's reported closing price, NAV and mid-point of the bid/ask spread at the time of calculation of such NAV (the "Bid/Ask Price"),[25] and a calculation of the premium and discount of the Bid/Ask Price against the NAV, and (2) data in chart format displaying the frequency distribution of discounts and premiums of the daily Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters. On each business day, before commencement of trading in Shares in the Core Trading Session (9:30 a.m. to 4:00 p.m. E.T.) on the Exchange, the Fund will disclose on its website the Disclosed Portfolio as defined in NYSE Arca Equities Rule 8.600(c)(2) that will form the basis for the Fund's calculation of NAV at the end of the business day.[26]

On a daily basis, the Fund will disclose for each portfolio security and other financial instrument of the Fund the following information on the Fund's website: ticker symbol (if applicable), name of security and financial instrument, number of shares (if applicable) and dollar value of securities and financial instruments held in the portfolio, and percentage weighting of the security and financial instrument in the portfolio. The website information will be publicly available at no charge.

In addition, a basket composition file, which will include the security names and share quantities required to be delivered in exchange for the Fund's Shares, together with estimates

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[25] The Bid/Ask Price of the Fund will be determined using the mid-point of the highest bid and the lowest offer on the Exchange as of the time of calculation of the Fund's NAV. The records relating to Bid/Ask Prices will be retained by the Fund and its service providers.

[26] Under accounting procedures followed by the Fund, trades made on the prior business day ("T") will be booked and reflected in NAV on the current business day ("T+1"). Accordingly, the Fund will be able to disclose at the beginning of the business day the portfolio that will form the basis for the NAV calculation at the end of the business day.

and actual cash components, will be publicly disseminated daily prior to the opening of the NYSE via the NSCC. The basket will represent one Creation Unit of the Fund.

Information regarding the intra-day value of the Shares of the Fund, which is the Portfolio Indicative Value ("PIV") as defined in NYSE Arca Equities Rule 8.600(c)(3), will be widely disseminated every 15 seconds throughout the Exchange's Core Trading Session by one or more major market data vendors.[27] The PIV should not be viewed as a "real-time" update of the NAV per Share of the Fund because the PIV may not be calculated in the same manner as the NAV, which is computed once a day, generally at the end of the business day. The price of a non-U.S. security that is primarily traded on a non-U.S. exchange shall be updated, using the last sale price, every 15 seconds throughout the trading day, provided, that upon the closing of such non-U.S. exchange, the closing price of the security, after being converted to U.S. dollars, will be used. Furthermore, in calculating the PIV of the Fund's Shares, exchange rates may be used throughout the Core Trading Session that may differ from those used to calculate the NAV per Share of the Fund and consequently may result in differences between the NAV and the PIV.

The Adviser represents that the Trust, First Trust and BNY will not disseminate non-public information concerning the Trust.

Investors can also obtain the Trust's Statement of Additional Information ("SAI"), the Fund's Shareholder Reports, and the Trust's Form N-CSR and Form N-SAR, filed twice a year. The Trust's SAI and Shareholder Reports are available free upon request from the Trust, and those documents and the Form N-CSR and Form N-SAR may be viewed on-screen or downloaded from the Commission's website at www.sec.gov. Information regarding market

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[27] Currently, it is the Exchange's understanding that several major market data vendors widely disseminate PIVs taken from the Consolidated Tape Association ("CTA") or other data feeds.

price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services. Information regarding the previous day's closing price and trading volume information for the Shares will be published daily in the financial section of newspapers. Quotation and last sale information for the Shares will be available via the CTA high-speed line. The intra-day, closing and settlement prices of the portfolio securities are also readily available from the national securities exchanges trading such securities, automated quotation systems, published or other public sources, or on-line information services such as Bloomberg or Reuters.

Additional information regarding the Trust and the Shares, including investment strategies, risks, creation and redemption procedures, fees, portfolio holdings disclosure policies, distributions and taxes is included in the Registration Statement. All terms relating to the Fund that are referred to, but not defined in, this proposed rule change are defined in the Registration Statement.

Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Fund.[28] Trading in Shares of the Fund will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 have been reached. Trading also may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) the extent to which trading is not occurring in the securities and/or the financial instruments comprising the Disclosed Portfolio of the Fund; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. Trading

28 See NYSE Arca Equities Rule 7.12.

in the Shares will be subject to NYSE Arca Equities Rule 8.600(d)(2)(D), which sets forth circumstances under which Shares of the Fund may be halted.

Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. Shares will trade on the NYSE Arca Marketplace from 4:00 a.m. to 8:00 p.m., E.T. in accordance with NYSE Arca Equities Rule 7.34 (Opening, Core, and Late Trading Sessions). The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in NYSE Arca Equities Rule 7.6, Commentary .03, the minimum price variation ("MPV") for quoting and entry of orders in equity securities traded on the NYSE Arca Marketplace is $0.01, with the exception of securities that are priced less than $1.00 for which the MPV for order entry is $0.0001.

Surveillance

The Exchange represents that trading in the Shares will be subject to the existing trading surveillances, administered by FINRA on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws. The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws.[29]

The surveillances referred to above generally focus on detecting securities trading outside their normal patterns, which could be indicative of manipulative or other violative activity.

[29] FINRA surveils trading on the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement.

When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations.

FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares, equity securities, futures contracts and options contracts with other markets and other entities that are members of the ISG and FINRA, on behalf of the Exchange, may obtain trading information regarding trading in the Shares, equity securities, futures contracts and options contracts from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares, equity securities, futures contracts and options contracts from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.[30]

As noted above, the equity securities in which the Fund will invest, including Underlying ETPs, Depositary Receipts, REITs, common stocks, preferred securities, warrants, convertible securities, and U.S. dollar-denominated foreign securities, as well as certain derivatives such as options and futures contracts, will trade in markets that are ISG members or are parties to a comprehensive surveillance sharing agreement with the Exchange.[31]

In addition, the Exchange also has a general policy prohibiting the distribution of material, non-public information by its employees.

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30 For a list of the current members of ISG, see www.isgportal.org. The Exchange notes that not all components of the Disclosed Portfolio may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

31 See note 12, supra.

Information Bulletin

Prior to the commencement of trading, the Exchange will inform its Equity Trading Permit ("ETP") Holders in an Information Bulletin ("Bulletin") of the special characteristics and risks associated with trading the Shares. Specifically, the Bulletin will discuss the following: (1) the procedures for purchases and redemptions of Shares in Creation Units (and that Shares are not individually redeemable); (2) NYSE Arca Equities Rule 9.2(a), which imposes a duty of due diligence on its ETP Holders to learn the essential facts relating to every customer prior to trading the Shares; (3) the risks involved in trading the Shares during the Opening and Late Trading Sessions when an updated PIV will not be calculated or publicly disseminated; (4) how information regarding the PIV will be disseminated; (5) the requirement that ETP Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (6) trading information.

In addition, the Bulletin will reference that the Fund is subject to various fees and expenses described in the Registration Statement. The Bulletin will discuss any exemptive, no-action, and interpretive relief granted by the Commission from any rules under the Act. The Bulletin will also disclose that the NAV for the Shares will be calculated after 4:00 p.m., E.T. each trading day.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)[32] that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to,

[32] 15 U.S.C. 78f(b)(5).

and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Equities Rule 8.600. The Adviser has implemented a fire wall with respect to its broker-dealer affiliate regarding access to information concerning the composition and/or changes to the portfolio. The Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws. FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares, equity securities, futures contracts and options contracts with other markets and other entities that are members of the ISG and FINRA, on behalf of the Exchange, may obtain trading information regarding trading in the Shares, equity securities, futures contracts and options contracts from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares, equity securities, futures contracts and options contracts from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. The equity securities in which the Fund will invest, including Underlying ETPs, Depositary Receipts, REITs, common stocks, preferred securities, warrants, convertible securities, and U.S. dollar-denominated foreign securities, will trade in markets that are ISG members or are parties to comprehensive surveillance sharing agreements with the Exchange. The Fund may invest up to 10% of its net assets in inverse Underlying ETPs, but it will not invest in leveraged or inverse leveraged Underlying ETPs. The Fund may hold up to an aggregate amount of 15% of its net assets in illiquid securities (calculated at the time of investment), including Rule 144A securities deemed illiquid by the Adviser and master demand notes. The Fund may invest up to 15% of its net assets in U.S. exchange-listed futures, interest rate swaps, total return swaps, non-U.S. currency swaps, credit default swaps, U.S. exchange-listed options and certain other derivative instruments, as described above. The Fund, through investments in Underlying ETPs, will invest primarily in investment grade debt securities with respect to the bond portion of its portfolio and may invest up to 15% of its net assets in high yield debt securities, including leveraged loans, that are rated below-investment grade at the time of purchase, or unrated securities deemed by the Fund's Adviser to be of comparable quality. The Fund's investments will be consistent with the Fund's investment objectives and will not be used to enhance leverage.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that the Exchange will obtain a representation from the issuer of the Shares that the NAV per Share will be calculated daily and that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time. In addition, a large amount of information is publicly available regarding the Fund and the Shares, thereby promoting market transparency. Moreover, the PIV will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Exchange's Core Trading Session. On each business day, before commencement of trading in Shares in the Core Trading Session on the Exchange, the Fund will disclose on its website the Disclosed Portfolio that will form the basis for the Fund's calculation of NAV at the end of the business day. Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services, and quotation and last sale information will be available via the CTA high-speed line. The website for the Fund will include a form of the prospectus for the Fund and additional data relating to NAV and other applicable quantitative information. Moreover, prior to the commencement of trading, the Exchange will inform its ETP Holders in a Bulletin of the special characteristics and risks associated with trading the Shares. Trading in Shares of the Fund will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable, and trading in the Shares will be subject to NYSE Arca Equities Rule 8.600(d)(2)(D), which sets forth circumstances under which Shares of the Fund may be halted. In addition, as noted above, investors will have ready access to information regarding the Fund's holdings, the PIV, the Disclosed Portfolio, and quotation and last sale information for the Shares.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of an additional type of actively-managed exchange-traded product that will enhance competition among market participants, to the benefit of investors and the marketplace. As noted above, the Exchange has in place surveillance procedures relating to trading in the Shares and may obtain information via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement. In addition, as noted above, investors will have ready access to information regarding the Fund's holdings, the PIV, the Disclosed Portfolio, and quotation and last sale information for the Shares.

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 notes that the proposed rule change will facilitate the listing and trading of an additional type of actively-managed exchange-traded product that holds equity, debt and commodity-related securities, which will enhance competition among market participants, 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

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 within such longer period (i) as the Commission may designate up to 90 days of such date 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-2013-70 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-NYSEArca-2013-70. 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-2013-70 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.[33]

Kevin M. O'Neill
Deputy Secretary

[33] 17 CFR 200.30-3(a)(12).