

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- 82166; File No. SR-NYSEArca-2017-90)

November 29, 2017

Self-Regulatory Organizations; NYSE Arca, Inc.; Order Approving a Proposed Rule Change, as Modified by Amendment No. 2, to List and Trade Shares of the Hartford Municipal Opportunities ETF under NYSE Arca Rule 8.600-E

I. Introduction

On August 17, 2017, NYSE Arca, Inc. (“Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to list and trade shares (“Shares”) of the Hartford Municipal Opportunities ETF (“Fund”) under NYSE Arca Rule 8.600-E. The proposed rule change was published for comment in the Federal Register on September 6, 2017.<sup>3</sup> On October 17, 2017, the Exchange filed Amendment No. 1 to the proposed rule change. On October 23, 2017, the Exchange filed Amendment No. 2 to the proposed rule change, which replaced and superseded the proposed rule change as modified by Amendment No. 1.<sup>4</sup> The Commission has not received any comments on the proposed rule change. This order approves the proposed rule change, as modified by Amendment No. 2.

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

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

<sup>3</sup> See Securities Exchange Act Release No. 81505 (August 30, 2017), 82 FR 42147 (“Notice”).

<sup>4</sup> In Amendment No. 2, the Exchange: (1) clarified that the list of municipal securities included in the section of the Notice entitled Hartford Municipal Opportunities ETF are the Municipal Securities in which the Fund is permitted to invest at least 80% of its net assets; (2) specified that redemption orders would not be subject to acceptance by the distributor of the Fund; (3) identified the Fund’s transfer agent; (4) explained that the Fund’s sponsor believes that the 1:00 p.m., E.T. cut-off time for creation and redemption orders would not have a material impact on an authorized participant’s arbitrage opportunities with respect to the Shares because it will not affect the primary arbitrage mechanism applicable to the Fund, which is the ability to trade the futures contracts and

## II. The Exchange's Description of the Proposed Rule Change

The Exchange proposes to list and trade Shares of the Funds under NYSE Arca Equities Rule 8.600-E, which governs the listing and trading of Managed Fund Shares on the Exchange.<sup>5</sup> The Shares will be offered by Hartford Funds Exchange-Traded Trust ("Trust"), which is registered with the Commission as an open-end management investment company.<sup>6</sup> The Fund is a series of the Trust. Hartford Funds Management Company, LLC ("Manager") will be the investment manager to the Fund. Wellington Management Company LLP ("Sub-Adviser") will be the sub-adviser to the Fund and will perform the daily investment of the assets for the Fund.<sup>7</sup>

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other derivative instruments that are used for hedging purposes throughout the U.S. trading day; and (5) made non-substantive, technical amendments. Because Amendment No. 2 makes only clarifying and technical changes, and does not present unique or novel regulatory issues, it is not subject to notice and comment. Amendment No. 2 is available at: <https://www.sec.gov/comments/sr-nysearca-2017-90/nysearca201790-2651202-161338.pdf>.

<sup>5</sup> 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 Rule 5.2-E(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.

<sup>6</sup> The Trust is registered under the 1940 Act. On June 26, 2017, the Trust filed with the Commission its registration statement on Form N-1A under the Securities Act of 1933 (15 U.S.C. 77a), and under the 1940 Act relating to the Fund (File Nos. 333-215165 and 811-23222) ("Registration 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. 32454 (Jan. 27, 2017) (File No. 812-13828-01).

<sup>7</sup> The Exchange represents that neither the Manager nor Sub-Adviser is a registered broker-dealer but that each is affiliated with a broker-dealer. The Exchange represents that the Manager and Sub-Adviser have each implemented a "fire wall" with respect to this broker-dealer affiliate regarding access to information concerning the composition of and/or changes to the Fund's portfolio. In addition, the Exchange represents that Commentary .06 to Rule 8.600-E requires that personnel who make decisions on the Fund's portfolio composition be subject to procedures designed to prevent the use and

ALPS Distributors, Inc. (“Distributor”) will be the principal underwriter to the Fund. State Street Bank and Trust Company will serve as transfer agent for the Fund.

The Exchange has made the following representations and statements in describing the Fund and its investment strategies, including the Fund’s portfolio holdings and investment restrictions.<sup>8</sup>

A. The Application of Generic Listing Requirements to the Funds

The Exchange states that it is submitting this proposed rule change because the portfolio of the Fund will not meet all of the “generic” listing requirements of Commentary .01 to NYSE Arca Equities Rule 8.600-E that apply to the listing of Managed Fund Shares. The Exchange states that the Fund’s portfolio will meet all the requirements set forth in Commentary .01 to NYSE Arca Equities Rule 8.600-E except for those set forth in Commentary .01(b)(1), which requires that components that in the aggregate account for at least 75% of the fixed income weight of the portfolio each have a minimum original principal amount outstanding of \$100 million or more.

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dissemination of material, non-public information regarding the Fund’s portfolio. In the event that (a) the Manager or Sub-Adviser becomes registered as a broker-dealer or newly affiliated with a broker-dealer, or (b) any new adviser or sub-adviser to the Fund is a registered broker-dealer or becomes affiliated with a broker-dealer, the applicable adviser or sub-adviser will implement and maintain a fire wall with respect to its relevant personnel or broker-dealer affiliate regarding access to information concerning the composition of and/or changes to the Fund’s portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding the portfolio.

<sup>8</sup> The Commission notes that additional information regarding the Trust, the Fund, and the Shares, including investment strategies, risks, creation and redemption procedures, calculation of net asset value (“NAV”), fees, distributions, and taxes, among other things, is included in the proposed rule change, as modified by Amendment No. 2, and the Registration Statement, as applicable. See Amendment No. 2 and Registration Statement, supra notes 4 and 6, respectively.

B. The Fund's Principal Investments

According to the Exchange, the Fund's investment objective is to provide current income that is generally exempt from federal income taxes and to provide long-term total return. Under normal market conditions,<sup>9</sup> the Fund will invest at least 80% of its net assets in municipal securities.<sup>10</sup> The Fund may invest in one or more of the following municipal securities (collectively, "Municipal Securities"):

- General obligation bonds;
- Revenue (or limited obligation) bonds;
- Private activity (or industrial development) bonds;
- Municipal notes;
- Municipal lease obligations; and
- Zero-coupon Municipal Securities.

C. The Fund's Other Investments

According to the Exchange, while the Fund, under normal market conditions, will invest at least 80% of its net assets in Municipal Securities, the Fund may, under normal market conditions, invest up to 20% of its net assets in the aggregate in the following securities and financial instruments described below:

- exchange-traded funds ("ETFs")<sup>11</sup> and exchange-traded notes ("ETNs")<sup>12</sup>;

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<sup>9</sup> The term "normal market conditions" is defined in NYSE Arca Rule 8.600-E(c)(5).

<sup>10</sup> According to the Exchange, municipal securities primarily include debt obligations that are issued by or on behalf of the District of Columbia, states, territories, commonwealths, and possessions of the United States and their political subdivisions (e.g., cities, towns, counties, school districts, authorities, and commissions) and agencies, authorities, and instrumentalities.

<sup>11</sup> The term "ETFs" includes Investment Company Units (as described in NYSE Arca Rule 5.2-E(j)(3)); Portfolio Depositary Receipts (as described in NYSE Arca Rule 8.100-E);

- securities issued or guaranteed as to principal or interest by the U.S. Government or by its agencies or instrumentalities;
- non-agency asset-backed securities;
- registered money market funds that invest in money market instruments, as permitted by regulations adopted under the 1940 Act;
- registered money market funds that invest in money market instruments and other investment company securities as permitted under the 1940 Act;
- repurchase and reverse repurchase agreements;
- securities that are not registered under the 1933 Act (“restricted securities”);
- zero-coupon securities (in addition to zero-coupon Municipal Securities);
- variable rate bonds known as “inverse floaters,” which pay interest at rates that bear an inverse relationship to changes in short-term market interest rates;
- municipal inverse floaters, which are a type of inverse floater in which a municipal bond is deposited with a special purpose vehicle (SPV), which issues, in return, the municipal inverse floater (which comprises a residual interest in the cash flows and assets of the SPV) plus proceeds from the issuance by the SPV of floating rate certificates to third parties; and
- derivative instruments, including interest-rate futures contracts and interest-rate swaps, caps, floors, and collars. The Fund may use derivative instruments to

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and Managed Fund Shares (as described in NYSE Arca Rule 8.600-E). The Exchange states that all ETFs will be listed and traded in the U.S. on a national securities exchange. While the Fund may invest in inverse ETFs, the Fund will not invest in leveraged (e.g., 2X, -2X, 3X or -3X) ETFs.

<sup>12</sup> ETNs are securities such as those listed on the Exchange under NYSE Arca Rule 5.2-E(j)(6).

manage portfolio risk, to replicate securities the Fund could buy that are not currently available in the market, or for other investment purposes.

Additionally, the fund may, when its sub-adviser, subject to the overall supervision of the Manager, deems it appropriate, invest some or all of its assets in cash, high-quality money-market instruments,<sup>13</sup> U.S. Government securities, and shares of money-market investment companies for temporary defensive purposes in response to adverse market, economic, or political conditions.

D. The Fund's Investment Restrictions

According to the Exchange, the Fund may hold up to an aggregate amount of 15% of its net assets in illiquid assets (calculated at the time of investment) deemed illiquid by the Adviser, consistent with Commission guidance. 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 the Fund will consider taking appropriate steps in order to maintain 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 assets. Illiquid assets may 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.

The Fund's investments will be consistent with its investment goal and will not be used to provide multiple returns of a benchmark or to produce leveraged returns.

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<sup>13</sup> Money market instruments include the following: (1) banker's acceptances; (2) short-term corporate obligations, including commercial paper, notes, and bonds; (3) other short-term debt obligations; and (4) obligations of U.S. banks.

Under normal market conditions, except for periods of high cash inflows or outflows,<sup>14</sup> the Fund will satisfy the following criteria: (i) the Fund will have a minimum of 20 non-affiliated issuers; (ii) no single municipal securities issuer will account for more than 10% of the weight of the Fund's portfolio; (iii) no individual bond will account for more than 5% of the weight of the Fund's portfolio; (iv) the Fund will limit its investments in Municipal Securities of any one state to 20% of the Fund's total assets and will be diversified among issuers in at least 10 states; and (v) the Fund will be diversified among a minimum of five different sectors of the municipal bond market.<sup>15</sup> The Exchange states that pre-refunded bonds will be excluded from the above limits because they have a high level of credit quality and liquidity.<sup>16</sup>

### III. Discussion and Commission's Findings

After careful review, the Commission finds that the Exchange's proposal to list and trade the Shares is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>17</sup> In particular, the Commission finds that the proposed rule change

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<sup>14</sup> "Periods of high cash inflows or outflows" as used herein, mean rolling periods of seven calendar days during which inflows or outflows of cash, in the aggregate, exceed 10% of the Fund's net assets as of the opening of business on the first day of such periods.

<sup>15</sup> The Fund's investments in Municipal Securities will include investments in state and local (e.g., county, city, town) Municipal Securities relating to such sectors as the following: airports; bridges and highways; hospitals; housing; jails; mass transportation; nursing homes; parks; public buildings; recreational facilities; school facilities; streets; and water and sewer works.

<sup>16</sup> The Manager represents that pre-refunded bonds (also known as refunded or escrow-secured bonds) have a high level of credit quality and liquidity because the issuer "prerefunds" the bond by setting aside in advance all or a portion of the amount to be paid to the bondholders when the bond is called. Generally, an issuer uses the proceeds from a new bond issue to buy high grade, interest bearing debt securities, including direct obligations of the U.S. government, which are then deposited in an irrevocable escrow account held by a trustee bank to secure all future payments of principal and interest on the pre-refunded bonds.

<sup>17</sup> In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

is consistent with Section 6(b)(5) of the Act,<sup>18</sup> which requires, among other things, that the Exchange's rules be designed to prevent fraudulent and manipulative acts and practices, 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.

The Commission also finds that the proposal to list and trade Shares on the Exchange is consistent with Section 11A(a)(1)(C)(iii) of the Act,<sup>19</sup> which sets forth Congress' finding that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with respect to quotations for, and transactions in, securities. Quotation and last sale information for the Shares, and for any ETFs and ETNs held in the Fund's portfolio, will be available via the Consolidated Tape Association ("CTA") high-speed line and from the national securities exchange on which they are listed.

The iNAV(which is the Portfolio Indicative Value, as defined in NYSE Arca Rule 8.600-E(c)(3)), will be widely disseminated at least every 15 seconds during the Core Trading Session by one or more major market data vendors or other information providers.<sup>20</sup> On each day the NYSE Arca is open (a "Business Day"), before commencement of trading in Shares on the Exchange in the Exchange's Core Trading Session, the Manager will disclose the Fund's iNAV Basket.<sup>21</sup> Additionally, the Fund will disclose on its website the identities and quantities of the

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<sup>18</sup> 15 U.S.C. 78f(b)(5).

<sup>19</sup> 15 U.S.C. 78k-1(a)(1)(C)(iii).

<sup>20</sup> The Exchange represents that several major market data vendors display or make widely available Portfolio Indicative Values taken from CTA or other data feeds.

<sup>21</sup> The iNAV will be based on the current market value of the portfolio holdings that constitute the iNAV Basket.



Fund's portfolio holdings that will form the basis for the Fund's calculation of NAV at the end of the Business Day. The NAV per Share will be determined for the Fund's Shares as of the close of regular trading on the New York Stock Exchange (normally 4:00 p.m. Eastern Time) on each day that the Exchange is open.

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. 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 information from brokers and dealers or pricing services will be available for Municipal Bonds. Price information for money market funds will be available from the applicable investment company's website and from market data vendors. Pricing information regarding each asset class in which the Fund will invest will generally be available through nationally recognized data service providers through subscription agreements.

The Commission further believes that the proposal to list and trade the Shares is reasonably designed to promote fair disclosure of information that may be necessary to price the Shares appropriately and to prevent trading when a reasonable degree of transparency cannot be assured. 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. Trading in Shares of the Fund will be halted if the circuit breaker parameters in NYSE Arca Rule 7.12-E have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares

inadvisable.<sup>22</sup> Trading in the Shares will be subject to NYSE Arca Rule 8.600-E(d)(2)(D), which sets forth circumstances under which Shares of the Fund may be halted.

The Exchange represents that it has a general policy prohibiting the distribution of material, non-public information by its employees. In addition, Commentary .06 to NYSE Arca Equities Rule 8.600-E 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. The Exchange represents that neither the Manager nor Sub-Adviser is a registered broker-dealer but that each is affiliated with a broker-dealer and that the Manager and Sub-Adviser have each implemented a "fire wall" with respect to this broker-dealer affiliate regarding access to information concerning the composition of and/or changes to the Fund's portfolio.

Prior to the commencement of trading, the Exchange will inform its Equity Trading Permit Holders in an Information Bulletin ("Bulletin") of the special characteristics and risks associated with trading the Shares. The Exchange represents that trading in the Shares will be subject to the existing trading surveillances as well as cross-market surveillances, administered by the Financial Industry Regulatory Authority ("FINRA") on behalf of the Exchange, or by regulatory staff of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws.<sup>23</sup>

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<sup>22</sup> The Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Fund.

<sup>23</sup> FINRA conducts cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement.

The Exchange represents that it 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.

In support of this proposal, the Exchange has made the following additional representations:

- (1) The Shares of the Fund will conform to the initial and continued listing criteria under NYSE Arca Rule 8.600-E.
- (2) The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions.
- (3) Trading in the Shares will be subject to the existing trading surveillances as well as cross-market surveillances, administered by FINRA on behalf of the Exchange, or by regulatory staff 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 federal securities laws applicable to trading on the Exchange. These surveillances generally focus on detecting securities trading outside their normal patterns, which could be indicative of manipulative or other violative activity. 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.
- (4) The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares, and any ETFs or ETNs held in the

Fund's portfolio, with other markets and other entities that are members of the Intermarket Surveillance Group ("ISG"), and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in the Shares, and any ETFs or ETNs held in the Fund's portfolio, from these markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares, and any ETFs or ETNs held in the Fund's portfolio, from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. In addition, FINRA, on behalf of the Exchange, is able to access, as needed, trade information for certain fixed income securities held by the Fund reported to FINRA's Trade Reporting and Compliance Engine. FINRA also can access data obtained from the Municipal Securities Rulemaking Board relating to municipal bond trading activity for surveillance purposes in connection with trading in the Shares.

- (5) Prior to the commencement of trading, the Exchange will inform its Equity Trading Permit Holders in a Bulletin of the special characteristics and risks associated with trading the Shares. Specifically, the Bulletin will discuss the following: (a) the procedures for purchases and redemptions of Shares in Creation Unit aggregations (and that Shares are not individually redeemable); (b) NYSE Arca Rule 9.2-E(a), which imposes a duty of due diligence on its Equity Trading Permit Holders to learn the essential facts relating to every customer prior to trading the Shares; (c) the risks involved in trading the Shares during the Opening and Late Trading Sessions when an updated iNAV will not be calculated or publicly disseminated; (d) how information regarding the iNAV and the Disclosed

Portfolio is disseminated; (e) the requirement that Equity Trading Permit Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (f) trading information. 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., Eastern Time each trading day.

- (6) The Exchange represents that, for initial and continued listing, the Fund will be in compliance with Rule 10A-3<sup>24</sup> under the Act, as provided by NYSE Arca Rule 5.3-E.
- (7) Under normal market conditions, at least 80% of the Fund's net assets must be invested in Municipal Securities.
- (8) The Fund's investments will be consistent with its investment goal and will not be used to provide multiple returns of a benchmark or to produce leveraged returns.
- (9) All ETFs will be listed and traded in the U.S. on a national securities exchange. While the Fund may invest in inverse ETFs, the Fund will not invest in leveraged (e.g., 2X, -2X, 3X or -3X) ETFs.
- (10) The Fund's portfolio will meet all the requirements set forth in Commentary .01 to NYSE Arca Equities Rule 8.600-E except for those set forth in Commentary .01(b)(1).
- (11) Under normal market conditions, except for periods of high cash inflows or outflows, the Fund will satisfy the following criteria in lieu of the criteria in

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<sup>24</sup> 17 CFR 240.10A-3.

Commentary .01(b)(1): (a) the Fund will have a minimum of 20 non-affiliated issuers; (b) no single municipal securities issuer will account for more than 10% of the weight of the Fund's portfolio; (c) no individual bond will account for more than 5% of the weight of the Fund's portfolio; (d) the Fund will limit its investments in Municipal Securities of any one state to 20% of the Fund's total assets and will be diversified among issuers in at least 10 states; and (e) the Fund will be diversified among a minimum of five different sectors of the municipal bond market.

- (12) The Fund may hold up to an aggregate amount of 15% of its net assets in illiquid assets (calculated at the time of investment) deemed illiquid by the Adviser, consistent with Commission guidance. 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 the Fund will consider taking appropriate steps in order to maintain 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 assets. Illiquid assets may 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.
- (13) Each Fund's investments will be consistent with its investment objective and will not be used to provide multiple returns of a benchmark or to produce leveraged returns.

The Exchange also represents that all statements and representations made in this filing regarding (a) the description of the portfolio, (b) limitations on portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in this rule filing shall constitute continued listing requirements for listing the Shares of the Fund on the Exchange.

The issuer has represented to the Exchange that it will advise the Exchange of any failure by the Fund to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will monitor for compliance with the continued listing requirements.<sup>25</sup> If the Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under NYSE Arca Rule 5.5-E(m).

The Commission believes that the Exchange's initial and continued listing requirements, combined with the Fund's investment criteria that would apply to Municipal Securities in the portfolio, are designed to mitigate the potential for price manipulation of the Shares. This approval order is based on all of the Exchange's representations, including those set forth above and in the Notice, and the Exchange's description of the Fund. The Commission notes that the Fund and the Shares must comply with the requirements of NYSE Arca Equities Rule 8.600-E to be listed and traded on the Exchange.

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<sup>25</sup> The Commission notes that certain other proposals for the listing and trading of Managed Fund Shares include a representation that the exchange will "surveil" for compliance with the continued listing requirements. See, e.g., Securities Exchange Act Release No. 78005 (Jun. 7, 2016), 81 FR 38247 (Jun. 13, 2016) (SR-BATS-2015-100). In the context of this representation, it is the Commission's view that "monitor" and "surveil" both mean ongoing oversight of a fund's compliance with the continued listing requirements. Therefore, the Commission does not view "monitor" as a more or less stringent obligation than "surveil" with respect to the continued listing requirements.

For the foregoing reasons, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act<sup>26</sup> and the rules and regulations thereunder applicable to a national securities exchange.

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>27</sup> that the proposed rule change (SR- NYSEArca-2017-90), as modified by Amendment No. 2, be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>28</sup>

Eduardo A. Aleman  
Assistant Secretary

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<sup>26</sup> 15 U.S.C. 78f(b)(5).

<sup>27</sup> 15 U.S.C. 78s(b)(2)

<sup>28</sup> 17 CFR 200.30-3(a)(12).