

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- 88822; File No. SR-NYSEArca-2020-37)

May 6, 2020

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change, as Modified by Amendment No. 1, Regarding Investments of the PIMCO Enhanced Short Maturity Active ESG Exchange-Traded Fund

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the “Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that, on April 29, 2020, NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. On May 4, 2020, the Exchange filed Amendment No. 1 to the proposed rule change, which superseded and replaced the proposed rule change in its entirety. The Commission is publishing this notice to solicit comments on the proposed rule change, as modified by Amendment No. 1, from interested persons.

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

The Exchange proposes certain changes regarding investments of the PIMCO Enhanced Short Maturity Active ESG Exchange-Traded Fund (the “Fund”), a series of PIMCO ETF Trust (the “Trust”), shares of which are currently listed and traded on the Exchange under NYSE Arca Rule 8.600-E (“Managed Fund Shares”).⁴ This Amendment No. 1 to SR-NYSEArca-2020-37

¹ 15 U.S.C.78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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

replaces SR-NYSEArca-2020-37 as originally filed and supersedes such filing in its entirety.

The proposed 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 specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

The Exchange proposes certain changes, described below under “Application of Generic Listing Requirements,” regarding investments of the Fund. The shares (“Shares”) of the Fund are currently listed and traded on the Exchange under Commentary .01 to NYSE Arca Rule 8.600-E, which provides generic criteria applicable to the listing and trading of Managed Fund Shares.⁵

Pacific Investment Management Company LLC is the investment adviser (“PIMCO” or “Adviser”) to the Fund. PIMCO Investments LLC is the distributor (“Distributor”) for the Fund’s Shares. State Street Bank & Trust Co. acts as the custodian and transfer agent

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.

⁵ Shares commenced trading on the Exchange on December 10, 2019 pursuant to Commentary .01 to NYSE Arca Rule 8.600-E.

(“Custodian” or “Transfer Agent”) for the Fund. Shares are offered by PIMCO ETF Trust, which is registered with the Commission as an open-end management investment company.⁶

Commentary .06 to Rule 8.600-E 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 and maintain 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. Commentary .06 to Rule 8.600-E is similar to Commentary .03(a)(i) and (iii) to NYSE Arca Rule 5.2- E(j)(3); however, Commentary .06 in connection with the establishment and maintenance 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 registered as a broker-dealer but is affiliated with a broker-dealer and has implemented and will maintain a fire wall with respect to such broker-dealer affiliate regarding access to information concerning the composition and/or changes to the portfolio. In the event (a) the Adviser becomes registered as a broker-dealer or newly affiliated with one or

⁶ The Trust is registered under the 1940 Act. On November 12, 2019, 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. 333-155395 and 811-22250) (“Registration Statement”). The description of the operation of the Trust and the Fund herein is based, in part, on the Registration Statement. In addition, the Commission has issued an order upon which the Trust may rely, granting certain exemptive relief under the 1940 Act. See Investment Company Act Release No. 28993 (November 10, 2009) (File No. 812-13571).

more broker-dealers, or (b) any new adviser or sub-adviser is a registered broker-dealer or becomes affiliated with a broker-dealer, it will implement and maintain 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.

PIMCO Enhanced Short Maturity Active ESG Exchange-Traded Fund

According to the Registration Statement, the investment objective of the Fund is to seek maximum current income, consistent with preservation of capital and daily liquidity, while incorporating PIMCO's environment, social responsibility, and governance ("ESG") investment strategy. Under normal market conditions,⁷ the Fund invests at least 80% of its net assets in a diversified portfolio of "Fixed Income Instruments" (defined below) of varying maturities, which may be represented by forwards.

In managing the Fund's portfolio, PIMCO may avoid investment in the securities of issuers whose business practices with respect to ESG practices are not to PIMCO's satisfaction.

Pursuant to this investment strategy, the Fund may invest in the following fixed income securities (together, "Fixed Income Instruments"):

- securities issued or guaranteed by the U.S. government, its agencies, or U.S. government-sponsored entities ("U.S. government securities");
- corporate debt securities of U.S. and non-U.S. issuers, including convertible securities and corporate commercial paper;
- mortgage-backed securities ("MBS") and other asset-backed securities ("ABS"), including non-agency, non-government-sponsored entity ("GSE") and privately-

⁷ The term "normal market conditions" is defined in NYSE Arca Rule 8.600-E(c)(5).

issued mortgage-related and other asset-backed securities (“Private ABS/MBS”), collateralized bond obligations (“CBOs”), collateralized loan obligations (“CLOs”), and other collateralized debt obligations (“CDOs”);⁸

- inflation-indexed bonds issued both by governments and corporations;
- structured notes, including hybrid or “indexed” securities and event-linked bonds;
- bank capital and trust preferred securities;
- loan participations and assignments;
- delayed funding loans and revolving credit facilities;
- bank certificates of deposit, fixed time deposits and bankers’ acceptances;
- repurchase agreements on Fixed Income Instruments and reverse repurchase agreements on Fixed Income Instruments;
- debt securities issued by states or local governments and their agencies, authorities and other government-sponsored enterprises;
- obligations of non-U.S. governments or their subdivisions, agencies and government-sponsored enterprises; and
- obligations of international agencies or supranational entities.

⁸ For avoidance of doubt, “Private ABS/MBS” as referenced herein are non-agency, non-GSE and privately-issued mortgage-related and other asset-backed securities as stated in Commentary .01(b)(5) to NYSE Arca Rule 8.600-E. However, for purposes of this filing, CDOs, CBOs, and CLOs are excluded from the term Private ABS/MBS. CDOs/CBOs/CLOs are distinguishable from ABS because they are collateralized by bank loans or by corporate or government fixed income securities and not by consumer and other loans made by non-bank lenders, including student loans.

With respect to Fixed Income Instruments, the Fund may invest, without limitation, in U.S. dollar-denominated securities of foreign issuers, U.S. dollar-denominated instruments of foreign issuers, and securities denominated in foreign currencies.

The Fund may invest in to-be-announced transactions. The Fund may also purchase and sell securities on a when-issued, delayed delivery or forward commitment basis.

The Fund may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs or dollar rolls).

The Fund may hold cash and cash equivalents.⁹

The Fund may invest in, to the extent permitted by Section 12(d) of the 1940 Act or exemptive relief therefrom, other affiliated and unaffiliated funds, such as open-end or closed-end management investment companies, including other exchange-traded funds (“ETFs”).¹⁰

Use of Derivatives by the Fund

The Fund may invest in forwards to (i) provide exposure to Fixed Income Instruments, (ii) enhance returns, (iii) manage portfolio duration, or (iv) manage the risk of securities price fluctuations. Investments in forwards will be made in accordance with the 1940 Act and consistent with the Fund’s investment objective and policies.

⁹ For purposes of this filing, the term “cash equivalents” includes the short-term instruments enumerated in Commentary .01(c) to NYSE Arca Rule 8.600-E.

¹⁰ For purposes of this filing, the term “ETFs” are 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); and Managed Fund Shares (as described in NYSE Arca Rule 8.600-E). All ETFs will be listed and traded on national securities exchanges. While the Fund may invest in inverse ETFs, the Fund will not invest in leveraged (e.g., 2X, -2X, 3X or -3X) ETFs.

To limit the potential risk associated with such transactions, the Fund may enter into offsetting transactions or segregate or “ earmark ” assets determined to be liquid by the Adviser in accordance with procedures established by the Trust’s Board of Trustees (the “ Board ”) and in accordance with the 1940 Act or as permitted by applicable Commission guidance. These procedures have been adopted consistent with Section 18 of the 1940 Act and related Commission guidance. In addition, the Fund has included risk disclosure in its offering documents, including leveraging risk. Leveraging risk is the risk that certain transactions of the Fund, including the Fund’s use of forwards, may give rise to leverage, causing the Fund to be more volatile than if it had not been leveraged.

Impact on Arbitrage Mechanism

The Adviser believes there will be minimal, if any, impact to the arbitrage mechanism as a result of the Fund’s use of forwards. The Adviser understands that market makers and participants should be able to value derivatives as long as the positions are disclosed with relevant information. The Adviser believes that the price at which Shares trade will continue to be disciplined by arbitrage opportunities created by the ability to purchase or redeem Shares at their net asset value (“ NAV ”), which should ensure that Shares will not trade at a material discount or premium in relation to their NAV.

Creation and Redemption of Shares

The Fund offers and issues Shares at the NAV per Share only in aggregations of a 50,000 Shares or multiples thereof (“ Creation Units ”), with certain large institutional investors who have entered into agreements with the Distributor (“ Authorized Participants ”) generally in exchange for a basket of securities (the “ Deposit Securities ”) together with a deposit of a specified cash payment (the “ Cash Component ”). Alternatively, the Fund may issue and redeem Creation Units

in exchange for a specified all-cash payment (“Cash Deposit”). The size of a Creation Unit is subject to change. Shares are redeemable by the Fund only in Creation Units, and, generally, in exchange for securities and/or cash.

A “Business Day” with respect to the Fund is each day the Exchange is open. Orders from Authorized Participants to create or redeem Creation Units will only be accepted on a Business Day.

The consideration for purchase of Creation Units may consist of: (i) Deposit Securities and the Cash Component, which will generally correspond pro rata, to the extent practicable, to the Fund securities, or, alternatively; (ii) the Cash Deposit. Together, the Deposit Securities and Cash Component or, alternatively, the Cash Deposit, constitute the “Fund Deposit,” which represents the minimum initial and subsequent investment amount for a Creation Unit of the Fund.

PIMCO, through the National Securities Clearing Corporation (“NSCC”), makes available on each Business Day, prior to the opening of business (subject to amendments) on the Exchange (currently 9:30 a.m., Eastern time (“E.T.”)), the identity and the required number of each Deposit Security and the amount of the Cash Component (or Cash Deposit) to be included in the current Fund Deposit (based on information from the end of the previous Business Day).

The Deposit Securities and Cash Component (or Cash Deposit) are subject to any adjustments, as described below, in order to effect purchases of Creation Units of the Fund until such time as the next-announced composition of the Deposit Securities and Cash Component (or Cash Deposit) is made available.

The Trust may require the substitution of an amount of cash (a “cash-in-lieu” amount) to replace any Deposit Security of the Fund. The amount of cash contributed will be equivalent to

the value of the instrument listed as a Deposit Security, as determined by the Trust. The Trust reserves the right to permit or require the substitution of a “cash-in-lieu” amount to be added to replace any Deposit Security that is a to-be announced (“TBA”) transaction, that may not be available in sufficient quantity for delivery, that may not be eligible for trading by a Participating Party (defined below), that may not be permitted to be registered in the name of the Trust as a result of an in-kind creation order pursuant to local law or market convention, or that may not be eligible for transfer through the systems of the Depository Trust Company (“DTC”) or the Clearing Process (as discussed below), or the Federal Reserve System for U.S. Treasury securities. The Trust also reserves the right to permit or require a “cash-in-lieu” amount where the delivery of Deposit Securities by the Authorized Participant (as described below) would be restricted under the securities laws or where the delivery of Deposit Securities from an investor to the Authorized Participant would result in the disposition of Deposit Securities by the Authorized Participant becoming restricted under the securities laws, and in certain other situations. The Trust may permit a “cash-in-lieu” amount for any reason at the Trust’s sole discretion but is not required to do so.

Redemption of Creation Units

Shares may be redeemed only in Creation Units at their NAV next determined after receipt of a redemption request in proper form on a Business Day and only through a

Participating Party¹¹ or DTC Participant¹² who has executed a Participant Agreement. The Fund will not redeem shares in amounts less than Creation Units. Beneficial owners must accumulate enough shares to constitute a Creation Unit in order to have such shares redeemed by the Trust.

With respect to the Fund, as mentioned above, PIMCO, through the NSCC, makes available immediately prior to the opening of business on the Exchange (currently 9:30 a.m., E.T.) on each Business Day, the identity of the Fund's securities and/or an amount of cash that will be delivered in exchange for a redemption request received in proper form on that day. Fund securities received on redemption ("Fund Securities") may not be identical to Deposit Securities that are used for the creation of Creation Units.

Unless cash-only redemptions are available or specified for the Fund, the redemption proceeds for a Creation Unit will generally consist of Fund Securities – as announced on the Business Day of the request for a redemption order received in proper form – plus cash in an amount equal to the difference between the NAV of the Shares being redeemed, as next determined after a receipt of a request in proper form, and the value of the Fund Securities (the "Cash Redemption Amount"), less a redemption transaction fee, if applicable.

Application of Generic Listing Requirements

The Exchange is submitting this proposed rule change because the changes described below would result in the portfolio for the Fund not meeting all of the "generic" listing

¹¹ A "Participating Party" is a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of the NSCC (the "Clearing Process"), a clearing agency that is registered with the SEC; or (ii) a DTC Participant, and must have executed an agreement with the Distributor (and accepted by the Transfer Agent), with respect to creations and redemptions of Creation Units ("Participant Agreement").

¹² DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and other institutions that directly or indirectly maintain a custodial relationship with Depository Trust Company.

requirements of Commentary .01 to NYSE Arca Rule 8.600-E applicable to the listing of Managed Fund Shares. The Fund's portfolio would meet all such requirements except for those set forth in Commentary .01(b)(1), Commentary .01(b)(4) and Commentary .01(b)(5).

Specifically, the Fund:

- will not comply with the requirement in Commentary .01(b)(1) that components that in the aggregate account for at least 75% of the fixed income weight of the portfolio each shall have a minimum original principal amount outstanding of \$100 million or more. Instead, the Exchange proposes that components, excluding Private ABS/MBS and CDOs/CBOs/CLOs that, in the aggregate, account for at least 50% of the fixed income weight of the portfolio each shall have a minimum original principal amount outstanding of \$50 million or more. Private ABS/MBS and CDOs/CBOs/CLOs would not be subject to a requirement for a minimum original principal amount outstanding.
- will not comply with the requirement in Commentary .01(b)(5) to Rule 8.600-E that investments in non-agency, non-government sponsored entity and privately issued mortgage-related and other asset-backed securities (i.e., Private ABS/MBS) not account, in the aggregate, for more than 20% of the weight of the portfolio.¹³ Instead, the Fund will not invest more than 20% of the Fund's total assets in Private ABS/MBS or more than 20% of the Fund's total assets in U.S. or foreign CDOs/CBOs/CLOs.

¹³ Commentary .01(b)(5) to NYSE Arca Rule 8.600-E provides that non-agency, non-government sponsored entity and privately issued mortgage-related and other asset-backed securities components of a portfolio may not account, in the aggregate, for more than 20% of the weight of the portfolio.

- will not comply with the requirements in Commentary .01(b)(4) to Rule 8.600-E that component securities that in the aggregate account for at least 90% of the fixed income weight of the portfolio meet one of the criteria specified in Commentary .01(b)(4).¹⁴ Instead, the Exchange proposes that (i) the Fund's investments in fixed income securities that do not meet any of the criteria in Commentary .01(b)(4) will not exceed 10% of the total assets of the Fund, excluding Private ABS/MBS and CDOs/CBOs/CLOs; (ii) Private ABS/MBS, which will be limited to 20% of the Fund's total assets, will not be required to comply with any of the criteria in Commentary .01(b)(4) to Rule 8.600-E; and (iii) CDOs/CBOs/CLOs also will not be subject to any of the criteria in Commentary .01(b)(4) but will be separately limited to 20% of the Fund's total assets.

Deviations from the generic requirements are necessary for the Fund to achieve its investment objective in a manner that is cost-effective and that maximizes investors' returns. Further, the proposed alternative requirements are narrowly tailored to allow the Fund to achieve its investment objective in manner that is consistent with the principles of Section 6(b)(5) of the Act. As a result, it is in the public interest to approve listing and trading of Shares of the Fund on the Exchange pursuant to the requirements set forth herein.

¹⁴ Commentary .01(b)(4) provides that component securities that in the aggregate account for at least 90% of the fixed income weight of the portfolio must be either: (a) from issuers that are required to file reports pursuant to Sections 13 and 15(d) of the Act; (b) from issuers that have a worldwide market value of its outstanding common equity held by non-affiliates of \$700 million or more; (c) from issuers that have outstanding securities that are notes, bonds debentures, or evidence of indebtedness having a total remaining principal amount of at least \$1 billion; (d) exempted securities as defined in Section 3(a)(12) of the Act; or (e) from issuers that are a government of a foreign country or a political subdivision of a foreign country.

As noted above, the Fund will not comply with the requirement in Commentary .01(b)(1) to Rule 8.600-E that components that in the aggregate account for at least 75% of the fixed income weight of the portfolio each shall have a minimum original principal amount outstanding of \$100 million or more. Instead, the Exchange proposes that components, excluding Private ABS/MBS and CDOs/CBOs/CLOs, that in the aggregate account for at least 50% of the fixed income weight of the portfolio each shall have a minimum original principal amount outstanding of \$50 million or more. Private ABS/MBS and CDOs/CBOs/CLOs will not be subject to a requirement for a minimum original principal amount outstanding. At least 50% of the fixed income weight of the Fund's portfolio, excluding Private ABS/MBS and CDOs/CBOs/CLOs, will continue to be subject to a substantial minimum (i.e., \$50 million) original principal amount outstanding.¹⁵ By excluding Private ABS/MBS and CDOs/CBOs/CLOs from this requirement, the Fund will be able to better diversify its holdings in such securities, and will be able to invest in a larger variety of Private ABS/MBS and CDOs/CBOs/CLOs that have characteristics consistent with the Fund's investment objective to seek maximum current income, consistent with preservation of capital and daily liquidity, while incorporating PIMCO's ESG investment strategy. These characteristics may include, for example, Private ABS/MBS and CDOs/CBOs/CLOs with investment grade credit rating or liquidity comparable to fixed income securities with a much greater amount outstanding. The Adviser represents that, with respect to the Fund's investments in CDOs/CBOs/CLOs, the Fund will invest principally in the senior-most

¹⁵ The Exchange notes that the Commission has previously approved a proposed rule change granting the same proposals in regard to Commentary .01(b)(1) to Rule 8.600-E. See Securities Exchange Act Release No. 86841 (August 30, 2019), 84 FR 47024 (September 6, 2019) (SR-NYSEArca-2019-38) (Order Approving a Proposed Rule Change, as Modified by Amendments No. 1 and No. 2, To Amend the Listing Rule Applicable to Shares of the Aware Ultra-Short Duration Enhanced Income ETF).

tranches of these securities, generally with an AAA investment rating which have first claim in the capital structure and generally have less sensitivity to the credit risk of the underlying assets (e.g., bank loans or commercial real estate).

The Fund will not comply with the requirement in Commentary .01(b)(5) to Rule 8.600-E that investments in non-agency, non-government sponsored entity and privately issued mortgage-related and other asset-backed securities (i.e., Private ABS/MBS) not account, in the aggregate, for more than 20% of the weight of the portfolio. Instead, the Fund will not invest more than 20% of the Fund's total assets in Private ABS/MBS or more than 20% of the Fund's total assets in U.S. or foreign CDOs/CBOs/CLOs.¹⁶ The Exchange believes that these 20% limitations will help the Fund maintain portfolio diversification and will reduce manipulation risk. In addition, the Fund's investment in CDOs/CBOs/CLOs will be subject to the Fund's liquidity procedures as adopted by the Board, and the Adviser does not expect that investments in CDOs/CBOs/CLOs of up to 20% of the total assets of the Fund will have any material impact on the liquidity of the Fund's investments.

The Fund will not comply with the requirements in Commentary .01(b)(4) to Rule 8.600-E that component securities that in the aggregate account for at least 90% of the fixed income weight of the portfolio meet one of the criteria specified in Commentary .01(b)(4). Instead, the Exchange proposes that: (i) the Fund's investments in fixed income securities that do not meet any of the criteria in Commentary .01(b)(4) will not exceed 10% of the total assets of the Fund,

¹⁶ The Exchange notes that the Commission has previously approved a proposed rule change granting the same proposals in regard to Commentary .01(b)(5) to Rule 8.600-E. See Securities Exchange Act Release No. 87576 (November 20, 2019), 84 FR 65206 (November 26, 2019) (SR-NYSEArca-2019-14) (Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, Relating to the Permitted Investments of the PGIM Ultra Short Bond ETF).

excluding Private ABS/MBS and CDOs/CBOs/CLOs; (ii) Private ABS/MBS, which will be limited to 20% of the Fund's total assets, will not be required to comply with the criteria in Commentary .01(b)(4)(a) through (e) to Rule 8.600-E; and (iii) CDOs/CBOs/CLOs also will not be subject to the criteria in Commentary .01(b)(4)(a) through (e) but will be subject to a limit of 20%, measured with respect to the total assets of the Fund.¹⁷

The Exchange accordingly believes that it is appropriate and in the public interest to approve listing and trading of Shares of the Fund on the Exchange notwithstanding that the Fund would not meet the requirements of Commentary .01(b)(1), (b)(4) and (b)(5) to Rule 8.600-E. The Exchange notes that, other than Commentary .01(b)(1), Commentary .01 (b)(4) and Commentary .01(b)(5) to Rule 8.600-E, the Fund's portfolio will meet all other requirements of Rule 8.600.

Availability of Information

The Fund's website (www.pimco.com) will include 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 midpoint of the bid/ask spread at the time of calculation of such NAV (the "Bid/Ask Price"),¹⁸ and a calculation of the premium and discount of the Bid/Ask Price

¹⁷ The Exchange notes that the Commission has previously approved a proposed rule change granting the same proposals in regard to Commentary .01(b)(4) to Rule 8.600-E. See Securities Exchange Act Release No. 87576 (November 20, 2019), 84 FR 65206 (November 26, 2019) (SR-NYSEArca-2019-14) (Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, Relating to the Permitted Investments of the PGIM Ultra Short Bond ETF).

¹⁸ The Bid/Ask Price of the Fund's Shares 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.

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 on the Exchange, the Fund will disclose on its website the Disclosed Portfolio as defined in NYSE Arca Rule 8.600-E(c)(2) that forms the basis for the Fund's calculation of NAV at the end of the Business Day.¹⁹

On a daily basis, the Fund will disclose the information required under NYSE Arca Rule 8.600-E(c)(2) to the extent applicable. The website information will be publicly available at no charge.

In addition, a basket composition file, which includes the security names and share quantities, if applicable, required to be delivered in exchange for the Fund's Shares, together with estimates and actual cash components, will be publicly disseminated daily prior to the opening of the Exchange via the NSCC. The basket represents one Creation Unit of the Fund. Authorized Participants may refer to the basket composition file for information regarding fixed income securities, and any other instrument that may comprise the Fund's basket on a given day.

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

¹⁹ 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.

Intra-day and closing price information regarding fixed income securities will be available from major market data vendors. For ETFs, intraday price quotations will generally be available from broker-dealers and trading platforms (as applicable). Intraday and other price information for the fixed income securities in which the Fund will invest will be available through subscription services, such as Bloomberg, Markit and Thomson Reuters, which can be accessed by Authorized Participants and other market participants. Price information for forwards and for affiliated and unaffiliated funds, such as open-end or closed-end management investment companies, is available from major market data vendors. Additionally, the Trade Reporting and Compliance Engine (“TRACE”) of the Financial Industry Regulatory Authority (“FINRA”) will be a source of price information for corporate bonds, and Private ABS/MBS, to the extent transactions in such securities are reported to TRACE.²⁰ Money market funds are typically priced once each Business Day and their prices will be available through the applicable fund’s website or from major market data vendors. Electronic Municipal Market Access (“EMMA”) will be a source of price information for municipal bonds. Price information regarding U.S. government securities, repurchase agreements, reverse repurchase agreements and cash equivalents generally may be obtained from brokers and dealers who make markets in such securities or through nationally recognized pricing services through subscription agreements.

²⁰ Broker-dealers that are FINRA member firms have an obligation to report transactions in specified debt securities to TRACE to the extent required under applicable FINRA rules. Generally, such debt securities will have at issuance a maturity that exceeds one calendar year. For fixed income securities that are not reported to TRACE, (i) intraday price quotations will generally be available from broker-dealers and trading platforms (as applicable) and (ii) price information will be available from feeds from market data vendors, published or other public sources, or online information services, as described above.

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 and last sale information for the Shares will be available via the Consolidated Tape Association ("CTA") high-speed line. In addition, the Portfolio Indicative Value ("PIV"), as defined in NYSE Arca Rule 8.600-E(c)(3), will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Core Trading Session.

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. Trading in Shares of the Fund will be halted if the circuit breaker parameters in NYSE Arca Rule 7.12-E 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. Trading in the Fund's Shares also will be subject to Rule 8.600-E(d)(2)(D) ("Trading Halts").

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 Rule 7.34-E (Trading Sessions). The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in NYSE Arca Rule 7.6-E, 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.

With the exception of the requirements of Commentary .01(b)(1), (b)(4) and (b)(5) to Rule 8.600-E as described above in “Application of Generic Listing Requirements,” the Shares of the Fund will conform to the continued listing criteria under NYSE Arca Rule 8.600-E. Consistent with NYSE Arca Rule 8.600-E(d)(2)(B)(ii), the Adviser will implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the actual components of the Fund’s portfolio.

The Exchange has obtained 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. The Fund’s investments will be consistent with its investment goal and will not be used to enhance leverage.

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, 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.²¹

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. When

²¹ 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.

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.

The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares and ETFs 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 such securities from such markets and other entities.²² 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 TRACE. FINRA also can access data obtained from the Municipal Securities Rulemaking Board (“MSRB”) relating to certain municipal bond trading activity for surveillance purposes in connection with trading in the Shares.

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

All statements and representations made in this filing regarding (a) the description of the portfolio or reference asset, (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 must notify 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. If the Fund is

²² 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 (“CSSA”).

not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under NYSE Arca Rule 5.5-E (m).

Information Bulletin

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. Specifically, the Bulletin will discuss the following: (1) the procedures for purchases and redemptions of Shares in Creation Unit aggregations (and that Shares are not individually redeemable); (2) 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; (3) the risks involved in trading the Shares during the applicable Trading Sessions when an updated PIV will not be calculated or publicly disseminated; (4) how information regarding the PIV and the Disclosed Portfolio is disseminated; (5) 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 (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) of the Act 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, 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 are listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Rule 8.600-E. 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 federal securities laws applicable to trading on the Exchange. The Adviser is not registered as a broker-dealer, but the Adviser is affiliated with a broker-dealer and has implemented and will maintain a “fire wall” with respect to such broker-dealer regarding access to information concerning the composition and/or changes to the Fund’s portfolio. The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares and ETFs with other markets and other entities that are members of the ISG, and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in such securities from such markets and other entities. 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 TRACE. FINRA also can access data obtained from the MSRB relating to certain municipal bond trading activity for surveillance purposes in connection with trading in the Shares.

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. The website for the Fund includes a form of the prospectus for the Fund and additional data relating to NAV and other applicable quantitative information. 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, and trading in the Shares will be subject to NYSE Arca Rule 8.600-E (d)(2)(D), which sets forth circumstances under which trading in the Shares of the Fund may be halted. In addition, as noted above, investors will have ready access to information regarding the Fund's holdings, NAV, the PIV, the Disclosed Portfolio, and quotation and last sale information for the Shares.

As described above, deviations from the generic requirements are necessary for the Fund to achieve its investment objective in a manner that is cost-effective and that maximizes investors' returns. Further, the proposed alternative requirements are narrowly tailored to allow the Fund to achieve its investment objective in manner that is consistent with the principles of Section 6(b)(5) of the Act. As a result, it is in the public interest to approve listing and trading of Shares of the Fund on the Exchange pursuant to the requirements set forth herein.²³

As discussed above, the Fund will not comply with the requirement in Commentary .01(b)(1) to Rule 8.600-E 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. Instead, the Exchange proposes that components, excluding Private ABS/MBS and CDOs/CBOs/CLOs, that in the aggregate account for at least 50% of the fixed income weight of the portfolio each shall have a minimum original principal amount outstanding

²³ The Exchange represents that, for continued listing, the Fund will be in compliance with Rule 10A-3 under the Act, as provided by NYSE Arca Rule 5.3-E.

of \$50 million or more. Private ABS/MBS and CDOs/CBOs/CLOs would not be subject to a requirement for a minimum original principal amount outstanding. The Exchange believes this alternative is appropriate because at least 50% of the fixed income weight of the Fund's portfolio, excluding Private ABS/MBS and CDOs/CBOs/CLOs, would continue to be subject to a substantial minimum (i.e., \$50 million) original principal amount outstanding. In addition, by excluding Private ABS/MBS and CDOs/CBOs/CLOs from this requirement, the Fund will be able to better diversify its holdings in such securities, and would be able to invest in a larger variety of Private ABS/MBS and CDOs/CBOs/CLOs that have characteristics consistent with the Fund's investment objective to seek maximum current income, consistent with preservation of capital and daily liquidity, while incorporating PIMCO's ESG investment strategy.

The Fund will not comply with the requirement in Commentary .01(b)(5) to Rule 8.600-E that investments in non-agency, non-government sponsored entity and privately issued mortgage-related and other asset-backed securities (i.e., Private ABS/MBS) not account, in the aggregate, for more than 20% of the weight of the portfolio. Instead, the Fund will not invest more than 20% of the Fund's total assets in Private ABS/MBS or more than 20% of the Fund's total assets in U.S. or foreign CDOs/CBOs/CLOs.²⁴ The Exchange believes that these 20% limitations will help the Fund maintain portfolio diversification and will reduce manipulation risk. In addition, the Fund's investment in CDOs/CBOs/CLOs will be subject to the Fund's liquidity procedures as adopted by the Board, and the Adviser does not expect that investments

²⁴ The Exchange notes that the Commission has previously approved a proposed rule change granting the same proposals in regard to Commentary .01(b)(5) to Rule 8.600-E. See Securities Exchange Act Release No. 87576 (November 20, 2019), 84 FR 65206 (November 26, 2019) (SR-NYSEArca-2019-14) (Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, Relating to the Permitted Investments of the PGIM Ultra Short Bond ETF).

in CDOs/CBOs/CLOs of up to 20% of the total assets of the Fund will have any material impact on the liquidity of the Fund's investments.

The Fund will not comply with the requirements in Commentary .01(b)(4) to Rule 8.600-E that component securities that in the aggregate account for at least 90% of the fixed income weight of the portfolio meet one of the criteria specified in Commentary .01(b)(4). Instead, the Exchange proposes that: (i) the Fund's investments in fixed income securities that do not meet any of the criteria in Commentary .01(b)(4) will not exceed 10% of the total assets of the Fund, excluding Private ABS/MBS and CDOs/CBOs/CLOs; (ii) Private ABS/MBS, which will be limited to 20% of the Fund's total assets, will not be required to comply with any of the criteria in Commentary .01(b)(4); and (iii) CDOs/CBOs/CLOs also will not be subject to any of the criteria in Commentary .01(b)(4) but will be separately limited to 20% of the Fund's total assets.

The Adviser represents that, with respect to the Fund's investments in CDOs/CBOs/CLOs, the Fund will invest principally in the senior-most tranches of these securities, generally with an AAA investment rating which have first claim in the capital structure and generally have less sensitivity to the credit risk of the underlying assets (e.g., bank loans or commercial real estate).

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 ETF 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 CSSA. In addition, as noted above, investors have ready access to information

regarding the Fund's holdings, NAV, 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 a change to the Fund's investments similar to investments of other actively managed ETFs, shares of which have been approved for Exchange listing and trading,²⁵ that principally hold fixed income securities, and that 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 up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

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

²⁵ See notes 13-15, supra.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as modified by Amendment No. 1, 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-2020-37 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-NYSEArca-2020-37. 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, D.C. 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 SR-NYSEArca-2020-37 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.²⁶

J. Matthew DeLesDernier
Assistant Secretary

²⁶ 17 CFR 200.30-3(a)(12).