

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-63881; File No. SR-NYSEArca-2010-120)

February 9, 2011

Self-Regulatory Organizations; NYSE Arca, Inc.; Order Approving a Proposed Rule Change to List and Trade Shares of the SPDR Nuveen S&P High Yield Municipal Bond ETF

I. Introduction

On December 21, 2010, 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”)¹ and Rule 19b-4 thereunder,² a proposed rule change to list and trade shares (“Shares”) of the SPDR Nuveen S&P High Yield Municipal Bond ETF (“ETF” or “Fund”) under NYSE Arca Equities Rule 5.2(j)(3), Commentary .02. The proposed rule change was published for comment in the Federal Register on January 6, 2011.³ The Commission received no comments on the proposal. This order approves the proposed rule change.

II. Description of the Proposal

The Exchange proposes to list and trade shares (“Shares”) under NYSE Arca Equities Rule 5.2(j)(3), Commentary .02, which governs the listing and trading of Investment Company Units (“Units”), of the following series of the SPDR Series Trust (“Trust”) based on the S&P Municipal Yield Index (“Index”): SPDR Nuveen S&P HighYield Municipal Bond ETF (“Fund” or “ETF”).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 63624 (December 30, 2010), 76 FR 805 (“Notice”).

The SPDR Nuveen S&P High Yield Municipal Bond ETF⁴ seeks to provide investment results that, before fees and expenses, correspond generally to the price and yield performance of the Index, which tracks the U.S. municipal bond market, and to provide income that is exempt from regular federal income taxes.⁵

The Index consists of categories of bonds in the following proportions: (i) 70% of the Index constituents are components of the Standard & Poor's/Investortools High Yield Bond Index,⁶ which are non-rated or are rated below investment grade; (ii) 20% of the Index constituents are components of the Standard & Poor's/Investortools Bond Index that are rated Baa3, Baa2, or Baa1 by Moody's Investors Service, or BBB-, BBB, or BBB+ by Standard and Poor's or Fitch; and (iii) 10% of the Index constituents are components of the Standard & Poor's/Investortools Bond Index that are rated A3, A2, or A1 by Moody's Investor Services, or A-, A, or A+ by Standard & Poor's or Fitch.⁷ As of December 20, 2010, there were approximately 21,141 issues included in the Index.

⁴ Standard & Poor's Financial Services LLC is the Index Sponsor with respect to the Index. The Exchange has represented that the Index Sponsor is not affiliated with a broker-dealer and has implemented procedures designed to prevent the use and dissemination of material, non-public information regarding the Index.

⁵ See the Trust's registration statement on Form N-1A under the Securities Act of 1933 (15 U.S.C. 77a) and the Investment Company Act of 1940 (15 U.S.C. 80a), dated February 22, 2010 (File No. 333-57793 and 811-08839) ("Registration Statement").

⁶ The Standard & Poor's/Investortools Municipal Bond Index is composed of bonds held by managed municipal bond fund customers of Standard & Poor's Securities Pricing, Inc. that are priced daily. Only bonds with total outstanding amounts of \$2,000,000 or more qualify for inclusion. The Standard and Poor's/Investortools Municipal Bond High Yield Index is comprised of all bonds in the Standard and Poor's/Investortools Municipal Bond Index that are non-rated or whose ratings are BB+ S&P and /or BA-1 Moody's or lower. This index does not contain bonds that are prerefunded or are escrowed to maturity.

⁷ Where the ratings assigned by the agencies are not consistent, the Index will use the middle rating if three ratings are available, and the lower of two ratings if only two ratings are available.

The Exchange submitted this proposed rule change because the Index underlying the Fund does not meet all of the “generic” listing requirements of Commentary .02(a)(2) to NYSE Arca Equities Rule 5.2(j)(3) applicable to listing of Units based on US indexes. Specifically, the Index does not meet the requirement set forth in Commentary .02(a)(2):⁸ as of December 20, 2010, 26.47% of the weight of the Index components have a minimum principal amount outstanding of \$100 million or more. The Exchange represents that: (1) except for Commentary .02(a)(2) to NYSE Arca Equities Rule 5.2(j)(3), the Shares currently satisfy all of the generic listing standards under NYSE Arca Equities Rule 5.2(j)(3); (2) the continued listing standards under NYSE Arca Equities Rules 5.2(j)(3) and 5.5(g)(2) applicable to Units shall apply to the Shares; and (3) the Trust is required to comply with Rule 10A-3⁹ under the Exchange Act for the initial and continued listing of the Shares. In addition, the Exchange represents that the Shares will comply with all other requirements applicable to Units including, but not limited to, requirements relating to the dissemination of key information such as the value of the Index and Intraday Indicative Value, rules governing the trading of equity securities, trading hours, trading halts, surveillance, and the Information Bulletin to ETP Holders, as set forth in Exchange rules applicable to Units and prior Commission orders approving the generic listing rules applicable to the listing and trading of Units.¹⁰

⁸ Commentary .02(a)(2) to NYSE Arca Equities Rule 5.2(j)(3) provides that components that in the aggregate account for at least 75% of the weight of the index or portfolio each shall have a minimum principal amount outstanding of \$100 million or more.

⁹ 17 CFR 240.10A-3.

¹⁰ See, e.g., Securities Exchange Act Release Nos. 55783 (May 17, 2007), 72 FR 29194 (May 24, 2007) (SR-NYSEArca-2007-36) (order approving NYSE Arca generic listing standards for Units based on a fixed income index); 44551 (July 12, 2001), 66 FR 37716 (July 19, 2001) (SR-PCX-2001-14) (order approving generic listing standards for Units and Portfolio Depositary Receipts); 41983 (October 6, 1999), 64 FR 56008 (October 15, 1999) (SR-PCX-98-29) (order approving rules for listing and trading of Units).

Detailed descriptions of the Fund, the Index, procedures for creating and redeeming Shares, transaction fees and expenses, dividends, distributions, taxes, risks, and reports to be distributed to beneficial owners of the Shares can be found in the Registration Statement or on the Web site for the Fund (www.spdr.com), as applicable.

III. Discussion and Commission's Findings

After careful consideration, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.¹¹ In particular, the Commission believes that the proposal is consistent with Section 6(b)(5) of the Act,¹² which requires, among other things, that the rules of a national securities exchange be designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and in general, to protect investors and the public interest.

Although NYSE Arca Equities Rule 5.2(j)(3) permits the Exchange to list Units based on U.S. indexes pursuant to Rule 19b-4(e) under the Act,¹³ the Index for the Fund does not meet all of the generic listing requirements applicable to the listing of Units based on U.S. indexes. Specifically, the Index does not satisfy Commentary .02(a)(2) to NYSE Arca Equities Rule 5.2(j)(3), which requires that components that in the aggregate account for at least 75% of the weight of the index or portfolio each shall have a minimum principal amount outstanding of \$100 million or more. According to the Exchange, as of December 20, 2010, 26.47% of the weight of the Index components had a minimum principal amount outstanding of \$100 million or

¹¹ In approving this rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹² 15 U.S.C. 78f(b)(5).

¹³ See 17 CFR 240.19b-4(e). See also Commentary .02 to NYSE Arca Equities Rule 5.2(j)(3).

more.

The Commission believes that the listing and trading of the Shares is consistent with the Act. The Commission believes that the Index is not susceptible to manipulation. As of December 20, 2010, there were approximately 21,141 issues included in the Index and the total dollar amount outstanding of issues in the Index was approximately \$532.82 billion. Further, the most heavily weighted component represents 0.86% of the weight of the Index and the five most heavily weighted components represent 2.52% of the weight of the Index.

The Commission also notes that, based on the Exchange's representations: (1) the Shares currently satisfy all of the generic listing standards under NYSE Arca Equities Rule 5.2(j)(3), except for the requirement under Commentary .02(a)(2); (2) the Shares will be subject to all of the continued listing standards under NYSE Arca Equities Rules 5.2(j)(3) and 5.5(g)(2) applicable to Units; and (3) the Trust is required to comply with Rule 10A-3 under the Act for the initial and continued listing of Shares.¹⁴ The Commission also notes that Shares of the Fund will comply with all other requirements of NYSE Arca Equities Rule 5.2(j)(3), applicable to Units including, but not limited to, requirements relating to the dissemination of key information such as the Index value and Intraday Indicative Value, rules governing the trading of equity securities, trading hours, trading halts, surveillance, firewalls, and Information Bulletins to ETP Holders, as set forth in prior Commission orders approving the generic listing rules applicable to the listing and trading of Units.

For the foregoing reasons, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act¹⁵ and the rules and regulations thereunder applicable to a national securities exchange.

¹⁴ See 17 CFR 240.10A-3.

¹⁵ 15 U.S.C. 78f(b)(5).

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,¹⁶ that the proposed rule change (SR-NYSEArca-2010-120), be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁷

Cathy H. Ahn
Deputy Secretary

¹⁶ 15 U.S.C. 78s(b)(2).

¹⁷ 17 CFR 200.30-3(a)(12).