

October 4, 2018

VIA ELECTRONIC MAIL

Mr. Brent J. Fields
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: Proposed ETF Rule (Release Nos. 33-10515 and IC-33140; File No. S7-15-18 (Release))¹

Dear Mr. Fields:

On behalf of Eaton Vance Corp. and its subsidiaries and affiliates (Eaton Vance),² I am writing to respond to the Commission's request for comment on Proposed Rule 6c-11 (the Proposed Rule) under the Investment Company Act of 1940, as amended (the Investment Company Act), related disclosure amendments and other matters addressed in the Release (collectively, the Proposal). Eaton Vance appreciates this opportunity to express our views on the Proposal.

Eaton Vance supports the Proposal's objectives to simplify the regulatory framework for exchange-traded funds (ETFs), to level the playing field among ETFs pursuing similar strategies and to provide enhanced trading cost information and risk disclosures to ETF investors. In the following pages, we comment and make recommendations on certain aspects of the Proposal, provide supporting documentation and address various other issues relating to ETFs and similar vehicles and instruments.

¹ Unless otherwise noted, capitalized terms used in this letter have the same meanings as in the Release.

² Eaton Vance is a leading global asset manager whose history dates to 1924. With offices in North America, Europe, Asia and Australia, Eaton Vance and its affiliates had consolidated assets under management of \$453.2 billion as of July 31, 2018, offering individuals and institutions a broad array of investment strategies and wealth management solutions. Our affiliate NextShares Solutions LLC (NextShares Solutions) is the developer and principal sponsor of NextShares™ exchange-traded managed funds (NextShares). NextShares are actively managed exchange-traded products (ETPs) whose potential advantages over actively managed ETFs include maintaining the confidentiality of fund trading information and providing investor trade execution cost transparency and quality control. Different from ETFs, NextShares trade at market-determined premiums/discounts to the fund's next-computed net asset value per share (NAV), referred to as "NAV-based trading." The Commission has granted exemptive relief to Eaton Vance Management and more than 15 other investment advisers to permit them to offer and operate NextShares. 18 NextShares funds from eight fund sponsors are currently available in the marketplace. For more information about Eaton Vance, visit eatonvance.com. For more information about NextShares, see NextShares.com.

Scope of the Proposed Rule

As described in the Release, the Proposed Rule would apply to index-based and actively managed ETFs organized as open-end funds. The Proposed Rule would not apply to ETFs organized as UITs, or to leveraged ETFs, share class ETFs, or NextShares. We understand and accept the Commission's rationale for excluding each of these structures from the Proposed Rule.

To clarify that NextShares fall outside the scope of the Proposed Rule, we recommend that the Commission modify the definition of "exchange-traded fund" under the Proposed Rule. Because each NextShares fund is a registered open-end management company (i) that issues (and redeems) creation units to (and from) authorized participants in exchange for a basket and a cash balancing amount, if any; and (ii) whose shares are listed on a national securities exchange and traded at market-determined premiums/discounts to the fund's next-computed net asset value (NAV), whether or not a NextShares fund falls within the proposed definition of "exchange-traded fund" hinges narrowly on whether "market-determined premiums/discounts to the fund's next-computed NAV" are treated as "market-determined prices."³ For avoidance of doubt, we recommend changing the term "market-determined prices" to "market prices determined at trade execution" in the Proposed Rule's definition of "exchange-traded fund."⁴

Treatment of ETFs under the Proposed Rule

For ETFs covered by the Proposed Rule, we agree with the proposed treatment of fund shares as a "redeemable security" under the Investment Company Act and the proposals to permit: (a) redemptions only in creation unit aggregations; (b) trading in fund shares at market-determined prices; (c) in-kind transactions with certain affiliates; (d) additional time for delivery of redemption proceeds under certain circumstances; and (e) the use of custom baskets in meeting redemptions, in each case subject to the limitations set forth in the Proposed Rule. We further agree with the proposed conditions for reliance on the Proposed Rule relating to the issuance and redemption of ETF shares and the required listing of shares on a national securities exchange. We disagree, however, with certain of the proposed conditions for ETFs to rely on the Proposed Rule, including conditions relating to dissemination of Intraday Indicative Values (IIVs), the prescribed form of reporting current portfolio

³ See Release at page 271 for the proposed definition of "exchange-traded fund" and footnote 192 on page 71 for discussion of the Commission's intent for the Proposed Rule not to apply to NextShares.

⁴ Other than NextShares, we are not aware of ETPs for which secondary market trading prices are determined other than at time of trade execution. Our proposed definition of "exchange-traded fund" for purposes of the Proposed Rule is not intended to preclude use of NAV-based trading (or other order types for which trade prices are not determined at time of trade execution) by ETFs operating under the Proposed Rule; rather, the intent of the language we suggest is to exclude from treatment as ETFs under the Proposed Rule any ETPs that trade *exclusively* using NAV-based trading or other order types for which secondary market trading prices are generally not determined at the time of trade execution.

holdings, the suspension of new share creations and various aspects of the proposed website and marketing disclosures.

IIVs. We are of two minds on the proposed elimination of the current requirement for ETFs to disseminate IIVs throughout each business day's market trading session. On the one hand, we understand that today's ETF IIVs are often poor indicators of current intraday value, as they can reflect stale prices and lack a uniform calculation methodology. On the other hand, IIVs provide retail investors with the best – and, typically, only – view they have into an ETF's intraday values, which we regard as critical information for buyers and sellers of ETF shares seeking to accurately measure their trading costs.

As currently calculated and disseminated, IIVs leave much to be desired as estimates of intraday fund values and suitable proxies for measuring ETF investor trading costs. For ETFs holding securities that trade principally outside the U.S., IIVs are routinely stale by several hours and, depending on the cycle of weekly trading and holidays, may be out of date by several days. To our understanding, little progress has been made in standardizing the calculation or increasing the utility of disseminated IIVs since the first ETF was introduced in 1993. Because they are usually based on the last sale price, IIVs may be stale at the time of release even for ETFs that hold only domestic securities. Because dissemination is typically limited to intervals of 15 seconds, IIVs may quickly become unrepresentative of current trading during periods of rapid market movement. Moreover, current IIVs may not always be based on an ETF's entire portfolio and may not be calculated in the same manner as NAVs. Real-time dissemination leaves no time or scope for evaluating inputs or checking calculations prior to release. Even when IIV calculations are consistently timely and accurate, their utility may be limited by lack of investor access and little or no availability of historical IIV data for comparative purposes.

While acknowledging all the shortcomings of IIVs as they exist today, we believe ETF investors have a critical need for what IIVs seek to provide – timely information about intraday fund values that can be used to assess ETF investor trading costs. Rather than abandoning IIVs, we believe the Commission should take advantage of the current rulemaking process to undertake a comprehensive review of how IIVs are calculated and disseminated, with a goal to make them more useful.

We believe the Commission should be open to a range of options for how, and by whom, future IIVs are calculated and disseminated. Without the Commission's active support for continuing IIVs, we fear that investors will lose access to essential information for evaluating the cost of buying and selling ETFs. In our view, the proposed elimination of the requirement for ETFs to disseminate IIVs is a step in the wrong direction – at odds with the Proposal's objective to provide ETF investors with more and better information about the trading costs they pay.

Disclosure of Portfolio Holdings. We agree with the proposed requirement for all ETFs operating in reliance on the Proposed Rule (whether index-based or actively managed) to disclose in full their current portfolio holdings on a free public website prior to the beginning of market trading each business day. Like the Commission, we view transparency of current holdings as necessary for ETFs to

trade with premiums/discounts to NAV and bid-ask spreads sufficiently narrow to ensure equitable treatment of buyers and sellers and to warrant treating ETF shares as redeemable securities under the Investment Company Act.

We recommend that ETFs operating in reliance on the Proposed Rule: (a) be required to disclose their daily portfolio holdings using a common downloadable or machine-readable format specified by the Commission; and (b) be prohibited from imposing any restrictions on the legal access, retrieval, distribution, use or reuse of the disclosed portfolio holdings information. As a technical matter, we question whether the proposed requirement for portfolio holdings information to be presented in the manner prescribed within Article 12 of Regulation S-X is appropriate. We believe a better alternative would be to require a common presentation format that closely corresponds to the generic listing standards for actively managed ETFs adopted by the listing exchanges (Generic Listing Standards). Different from Article 12 of Regulation S-X, the Generic Listing Standards have the advantage of requiring ticker symbols, CUSIPs or other standard identifiers of portfolio securities – which we regard as essential to the efficient dissemination and use of disclosed ETF portfolio holdings information.

In addition to supporting efficient ETF share arbitrage, we see a potential role for the dissemination of daily ETF portfolio holdings information in a standardized, highly readable format (without restrictions on use) in promoting the development of “next generation” IIVs. There is strong evidence that investor trading costs are often economically significant for many ETFs, and that most ETF investors do not currently have adequate information to accurately assess the costs they pay to buy and sell ETF shares, including costs in connection with intraday variations in premiums/discounts. A market-based solution to today’s IIV shortcomings could be to make the information required to calculate intraday values broadly available in a standardized, user-friendly format, and to encourage pricing services and other potential providers to develop commercial ETF intraday valuation services that would compete in the market on the basis of timeliness, accuracy, reliability and price.

Relating to the required portfolio holdings disclosures, the Release raises the question of whether actively managed ETFs with less holdings transparency should be permitted under the Proposed Rule. We strongly oppose any consideration of permitting actively managed ETFs that do not disclose their full holdings on a current daily basis to operate in reliance on the Proposed Rule.

As background, the attached Exhibits 1 and 2 prepared by Eaton Vance compare the premium/discount experience of actively managed equity ETFs versus equity index ETFs in the same Morningstar category over the period from the introduction of the first active ETFs in 2008 through the end of 2017. Exhibit 1 shows the average of the absolute value of the daily closing premium/discount and the average volatility of the daily closing premium/discount as measured based on the relationship between NAV and closing price for each ETF. The average of the absolute value of the daily closing premium/discount measures how far, on average, an ETF’s closing price varies from NAV. The average volatility of the daily closing premium/discount is the average of the standard deviation of observed premium/discount values for each ETF. Exhibit 2 shows the difference between active and index ETFs’ premium/discount experience across overlapping Morningstar categories. Throughout our study period,

actively managed ETFs were required to disclose their full holdings on a current daily basis, and most (but not all) index ETFs also followed this practice.

In all years since the introduction of actively managed ETFs, as a group they have demonstrated higher and more variable premiums/discounts than comparable index ETFs across most Morningstar equity categories that included both types of funds. We attribute the observed higher and more variable premiums/discounts of active ETFs to less-efficient share arbitrage, which in turn we attribute to: (a) the generally smaller size of actively managed ETFs versus index ETFs in the same category, reflecting greater scale economies in the management of index-based products and the relative newness of active ETFs; (b) the generally lower trading volumes of active ETFs versus similarly sized index ETFs, since index products are typically more attractive for use as short-term market exposure vehicles; and (c) the relatively greater ease of arbitraging index ETFs because, in addition to trading directly in the underlying fund holdings, a market maker in index ETFs can hedge its ETF positions intraday by transacting in corresponding index futures and options contracts, index swaps, similar index ETFs and other index portfolio instruments without incurring meaningful basis risk. On average, the more cumbersome process of hedging active ETF share inventory positions makes active ETFs more difficult and costly to arbitrage.

Given the higher and more variable premiums/discounts observed to date for fully transparent active managed ETFs and the inherently greater difficulty of arbitraging less-transparent funds, we see little reason to expect less-transparent active ETFs to demonstrate secondary market trading performance that meets the statutory standard for treatment as redeemable securities or the expectations of ETF investors. Accordingly, we believe any future consideration by the Commission of less-transparent active ETF proposals should be through the established exemptive process.

Suspension of Share Creations. According to the Release, the Commission believes that an ETF may suspend the issuance of creation units “only for a limited time and only due to extraordinary circumstances, such as when markets on which the ETF’s portfolio holdings are traded are closed for a limited period of time.”⁵ In connection with the current rulemaking process, we urge the Commission to reconsider its position on this point. For many years, mutual funds have commonly followed the practice of suspending (or limiting) the issuance of new shares once the fund’s investment adviser has determined that the fund has reached its investment capacity, on the basis that additional growth in fund shares outstanding would be detrimental to existing fund shareholders. As actively managed ETFs mature and grow in size, we would expect their investment advisers to seek to respond similarly when they determine that an ETF has reached its investment capacity. While the inability to issue new shares may cause the ETF to trade at a premium to NAV, that strikes us as an appropriate result. Rather than precluding an ETF from suspending the issuance of new shares when doing so is judged to be in shareholders’ best interest, we believe better policy would be to require ETFs that have suspended share issuance to add supplemental disclosures addressing the enhanced risk of buying shares at a premium.

⁵ See Release at page 67.

Required Website Disclosures. We applaud the Commission decision to use the current rulemaking process to seek to strengthen disclosures of ETF investor trading costs. We agree with the Commission's view that fund websites are the most appropriate venue for ETFs to communicate current information about investor trading costs, including closing premiums/discounts to NAV and bid-ask spreads. Unlike fund prospectuses, annual and semi-annual reports, fact sheets and other fund sales literature, websites can readily be updated on a current daily basis, enabling fund sponsors to easily provide investors with up-to-date information about a fund's current and historical trading performance.

We view the inability of ETF investors to readily measure and evaluate their trading costs as a critical failing of the product structure as it now stands. Investors who do not know the true costs of their trades are prone to making poor investment decisions, including trading too much. Shedding more light on ETF trading costs not only supports informed investor decision-making, but also promotes increased marketplace competition and enhanced efficiency of ETF trading.

The Proposed Rule would require each ETF operating in reliance on the Proposed Rule to post to its website each business day: (a) the fund's closing NAV, market price and premium or discount for the prior business day; (b) a table showing the number of days the fund's shares closed at a premium or discount during the most recently completed calendar year and the most recently completed calendar quarters since that year (or the life of the fund, if shorter); (c) a line graph showing the fund's closing premiums or discounts for the most recently completed calendar year and the most recently completed calendar quarters since that year (or the life of the fund, if shorter); and (d) if the fund's closing premium or discount exceeds 2% for more than seven consecutive business days, a narrative discussion of the factors that are reasonably believed to have materially contributed to the premium or discount.

The proposed amendments to Form N1-A included in the Proposal would require an ETF to disclose its median bid-ask spread for the most recent fiscal year on its website and also to include this information in its prospectus. To meet the proposed Form N1-A requirements, an ETF would also be required to include on its website an interactive calculator that investors could use to calculate the dollar cost of applying the fund's median bid-ask spread for the most recent fiscal year to different trading amounts and different numbers of trades, as input by the calculator user.

While we agree with the Commission's objective to increase investors' access to information about the costs to buy and sell ETF shares, we regard the specific proposed requirements as woefully inadequate. In our judgment, ETFs operating in reliance on the Proposed Rule should be required to provide daily updated disclosure of current and historical closing premiums/discounts and bid-ask spreads similar to the conditions of the NextShares exemptive order granted to Eaton Vance-affiliated

entities in 2014⁶ (Eaton Vance NextShares Order) and included in all subsequent NextShares exemptive orders:

The website for the [NextShares Funds], which will be publicly accessible at no charge, will contain, on a per Share basis, for each [Fund], the prior Business Day's NAV; intraday high, low, average and closing trading prices (expressed as premiums/discounts to NAV); the midpoint of the highest bid and lowest offer prices as of the close of Exchange trading ("Closing Bid/Ask Midpoint") (expressed as a premium/discount to NAV); and the spread between the highest bid and lowest offer prices as of the close of Exchange trading ("Closing Bid/Ask Spread"). The website for the [Funds] also will contain charts showing the frequency distribution and range of values of trading prices, Closing Bid/Ask Midpoints and Closing Bid/Ask Spreads over time.

Because ETF trading differs from the NAV-based trading employed by NextShares, not all of the NextShares investor trading cost disclosure requirements are applicable to ETFs. Conforming the NextShares requirements to fit ETFs, we recommend that the website of each ETF operating in reliance on the Proposed Rule be required to include the following investor trading cost information, to be updated daily:

- a. the prior business day's closing premium/discount to NAV;
- b. a table and line graph showing the frequency distribution and range of daily closing premiums/discounts for each calendar quarter over the past five years (or the life of the fund, if shorter);
- c. the prior business day's average, minimum and maximum bid-ask spreads in secondary market trading; and
- d. a table and line graph showing the frequency distribution and range of daily average bid-ask spreads (expressed as percentages) for each calendar quarter over the past five years (or the life of the fund, if shorter).

Since the launch of the first NextShares fund in February 2016, Eaton Vance has provided the investor trading cost disclosures required by the NextShares orders on a consistent daily basis. Meeting these requirements has not placed undue burden on our administrative staff, and we would expect the same to be true for sponsors of ETFs if the above-recommended suggestions are adopted as requirements for ETFs operating under the Proposed Rule. Based on our experience with NextShares, we are confident that ETF sponsors could, at very low incremental cost, provide investors with far more, and far more useful, ETF trading cost information than the Proposal currently would require.

⁶ See <https://www.sec.gov/rules/ic/2014/ic-31361.pdf> (Order) and <https://www.sec.gov/rules/ic/2014/ic-31333.pdf> (Eaton Vance NextShares Notice of Application).

Required Sales Literature Disclosures. We strongly disagree with the Commission's conclusion that investors' understanding of ETFs has now advanced to the point where issuers should no longer be required to state in sales literature that ETFs do not purchase or redeem individual shares and to explain that investors may purchase or sell individual ETF shares in market transactions through a broker. In our experience, a large percentage of investors still do not understand the fundamental distinctions between ETFs and mutual funds relating to buying and selling. Rather than eliminating the current disclosure requirements for ETF sales literature, we believe each ETF operating in reliance on the Proposed Rule should be required to include in all its sales literature a statement similar to the following and including a cross-reference to the website containing the above-noted information:

This fund is an ETF, whose individual shares may be purchased and sold only in market transactions through a broker. To buy shares, you may be required to pay more than the shares' current value; in selling shares, you may receive less than current value. As a result, your returns may not equal the fund's own returns over your holding period.

In our judgment, requiring ETFs operating in reliance on the Proposed Rule to include a statement in their sales literature similar to the above would provide investors with critical information for distinguishing ETFs from mutual funds that issue and redeem individual shares at NAV.

Proposed Form N1-A Amendments

The proposed amendments to Form N1-A would require an ETF: (a) to disclose its median bid-ask spread for the most recent fiscal year in its prospectus and on its website; (b) to include on its website an interactive calculator that investors could use to calculate the dollar cost of applying the fund's median bid-ask spread for the most recent fiscal year to different trading amounts and numbers of trades; and (c) to include in its prospectus a standardized set of questions and answers describing the costs to buy and sell fund shares.

Investor Trading Cost Disclosures. In our view, the proposed Form N1-A amendments place undue emphasis on an ETF's bid-ask spreads as the primary determinant, and appropriate measure, of ETF investor trading costs. An ETF derives its value from the value of the fund's underlying holdings. Accordingly, we believe the cost to buy or sell an ETF's shares is appropriately measured by the difference between an investor's all-in purchase or sale price and the value per share of the fund's net assets at the time the trade price is determined. Over an investor's full holding period, his or her trading costs sum to the difference between the return of the ETF itself over the period and the investor's realized return. In addition to any commissions that apply, the cost to buy an ETF includes the premium to current value at which shares are acquired, and the cost to sell an ETF includes the discount from current value at which shares are sold.⁷ While commissions, bid-ask spreads and market impact may

⁷ Costs to trade an ETF can be positive or negative. To realize profits, an ETF market maker that creates and redeems shares in connection with its market making activity must, on average, incur trading costs that are sufficiently negative to offset its costs to create and redeem. Negative trading costs for ETF market makers translate into positive average trading costs for the investors with whom they transact. If ETF investors did not, on average, buy shares at premiums to current value and

each contribute to the costs of buying and selling an ETF, ETF trading costs are not appropriately measured as the sum of fund commissions, bid-ask spread costs and market impact costs. In fact, variations in ETF premiums and discounts often contribute far more to the trading costs paid by ETF investors than commissions, bid-ask spreads and market impact combined.

A simple example: An investor pays \$10.10 (all-in) per share to buy an ETF when its net assets are worth \$10.00, and later sells the ETF for \$10.00 (all-in) when the fund's net assets are worth \$10.10. Over the holding period, the ETF itself has returned +1% (+\$0.10 divided by \$10.00), and the investor has realized net returns of approximately -1% (-\$0.10 divided by \$10.10). How much did the investor pay in trading costs? We believe the only meaningful answer is 2%, which is the shortfall in the investor's return versus the fund's return over the holding period.

For an excellent analysis of the significant, and often overlooked, contribution of variations in premiums/discounts to ETF trading costs, see "ETF Transaction Costs Are Often Higher than Investors Realize" by Jim Angel, Todd Broms and Gary Gastineau, published in 2016 in *The Journal of Portfolio Management*.⁸ A second scholarly analysis of ETF trading costs we recommend is "Inefficiencies in the Pricing of Exchange-Traded Funds" by Antti Petajisto, published in *Financial Analysts Journal* in 2017 (Petajisto Study).⁹ The Petajisto Study concluded that "the difference between [an ETF's] share price and the value of the underlying portfolio is often economically significant, indicating that the unsophisticated investor may face an unexpected additional cost when trading ETFs." The wealth transfer from less sophisticated individual investors to more sophisticated institutional investors in connection with ETF trading costs was estimated in the Petajisto Study to be almost \$20 billion a year, more than three times the annual operating costs of all ETFs combined as reflected in their expense ratios.

Investors seeking to understand and measure the costs they incur to buy and sell ETF shares face many obstacles, including the fact that leading sponsors of ETFs have not consistently acknowledged the contribution of variations in premiums/discounts to ETF investor trading costs. The current rulemaking process provides an excellent opportunity for the Commission to establish disclosure requirements to help remedy the current shortfalls in investor information and understanding of the costs they pay to buy and sell ETF shares. In our judgment, implementing the proposed amendments to Form N1-A would do the opposite – advancing the false narrative that ETF bid-ask spread costs are the primary determinant and best measure of investor trading costs. As a better alternative, we recommend replacing the proposed question and answer section of ETF prospectuses and the proposed interactive bid-ask spread calculator with the new requirements for website trading information we

sell shares at discounts to current value, ETF arbitrageurs as a whole would lose money, causing the arbitrage process to breakdown as they withdraw from that role.

⁸ Angel, J.J., Broms, T.J. and Gastineau, G.L., 2016. "ETF Transaction Costs Are Often Higher than Investors Realize." *Journal of Portfolio Management*. 42(3) 55-65. Reprints available at dpalmeiri@iijournals.com.

⁹ Petajisto, Antti, 2017. "Inefficiencies in the Pricing of Exchange-Traded Funds." *Financial Analysts Journal*. 73(1) 24-54. Available at <https://www.cfainstitute.org/learning/products/publications/faj/Pages/faj.v73.n1.7.aspx>.

recommend above, and enhancing the required ETF prospectus disclosures of investor trading costs and risks.

In particular, we recommend that each ETF be required to include among the principal risks of investing set forth in its summary and statutory prospectus that the prices at which fund shares trade in the secondary market may be above, at or below the corresponding value of the fund's net assets, will fluctuate in relation to such value based on the supply and demand in the market for shares and other factors, and may vary significantly from the corresponding fund value during periods of market volatility. The principal risk disclosure should further state that returns earned by a fund shareholder will be reduced if the shareholder sells shares at a greater discount or narrower premium to the corresponding fund value than he or she acquired shares.

Disclosure of Front-Running Risks. Although not addressed in the Release, we recommend that each ETF be required to include among the principal risks of investing set forth in its summary and statutory prospectus that public disclosure of current fund holdings may interfere with achieving the fund's investment objective by increasing fund trading costs through the actions of other market participants that learn to anticipate future fund trades and/or by constraining the fund's trading and investment activity to seek to circumvent predatory trading by other market participants. While these risks are well understood by ETF sponsors and have been acknowledged by the Commission,¹⁰ many ETF investors are likely unaware of their potential impact on fund returns.

Disclosure of Fund Valuation Practices. As part of the current rulemaking process, we believe the Commission should consider adopting requirements for ETFs to better disclose how they calculate daily NAVs. We are aware of two significant differences in valuation practices among ETF sponsors: (a) whether the ETF normally values portfolio holdings that trade on markets that are closed at the time the ETF's NAV is determined (generally 4:00 PM eastern time) based on local market closing prices (Local Close Pricing) or whether the ETF routinely adjusts valuations from local market closing prices to reflect subsequent market movements (Fair Value Pricing); and (b) whether the ETF's fixed income holdings are generally valued at the bid side of the market (Bid Pricing) or at the midpoint of the bid-ask spread (Mid Pricing).

Understanding whether an ETF employs Local Close Pricing or Fair Value Pricing for securities positions trading outside U.S. market hours and Bid Pricing or Mid Pricing for fixed income holdings is critical to evaluating the fund's disclosed premiums and discounts to NAV. Without information about how an ETF values its assets for NAV purposes, the utility of its premium/discount disclosures is significantly diminished.

¹⁰ See Shareholder Reports and Quarterly Portfolio Disclosure of Registered Management Investment Companies, Securities Exchange Act Release No. 49333 (Feb. 27, 2004) at p.16.

Effects of the Proposal on Prior Exemptive Orders

As described in the Release,¹¹ the Commission has authority under the Investment Company Act to amend or rescind previously granted exemptive orders “when necessary or appropriate to the exercise of the powers conferred elsewhere in the [Investment Company] Act.” As part of the Proposal, the Commission is proposing to amend and rescind the exemptive relief of ETFs that would be permitted to rely on the Proposed Rule. The proposed rescissions would be limited to relief related to the formation and operation of an ETF and certain master-feeder relief as described below. Under the Proposal, exemptive relief previously granted to UIT ETFs, leveraged ETFs, share class ETF and NextShares would not be affected.

Custom Baskets. One of the Proposal’s principal objectives is to level the playing field among ETF complexes relating to the use of custom baskets. The exemptive relief granted to ETF sponsors has evolved considerably over time in terms of allowable use of custom baskets, with orders issued within the past ten years far more restrictive than earlier orders. We agree with the Commission’s view that the competitive imbalance among ETF sponsors relating to use of custom baskets should be resolved through the current rulemaking process as proposed.

Relating to our sponsorship of NextShares, we note that the Eaton Vance NextShares Order and all subsequent NextShares orders require NextShares funds to use the same basket for all creations and redemptions effected on the same day, except in narrowly limited circumstances corresponding to the use of custom baskets permitted under (the most restrictive) recently granted ETF exemptive orders.¹² For the same competitive reasons that the Commission proposes to level the playing field among ETFs, we respectfully request and recommend that the Commission amend the terms and conditions of the Eaton Vance NextShares Exemptive Order¹³ relating to custom baskets to correspond to the treatment of custom baskets under the Proposed Rule.

Master-Feeder Funds. Under the Proposal, the Commission would rescind the master-feeder relief granted to ETFs subject to Rule 6c-11 that do not rely on the relief as of the date of the Proposal (June 28, 2018). While existing master-feeder arrangements involving ETF feeder funds would be grandfathered, the formation of new ETF feeder funds would be prevented by amending the relevant

¹¹ See Release at page 143.

¹² See footnote 16 of Eaton Vance NextShares Amended Application at page 8. “A [NextShares Fund]’s Basket could vary if the required policies and procedures of the [Fund] allowed such differences by permitting an Authorized Participant to deposit cash in lieu of some or all of the Basket Instruments solely because: (a) such Basket Instruments, in the case of a purchase of a Creation Unit, are not available in sufficient quantity; (b) such Basket Instruments are not eligible for trading by the Authorized Participant or the investor on whose behalf the Authorized Participant is acting; or (c) a holder of Shares of a [Fund] investing in foreign instruments would be subject to unfavorable income tax treatment if the holder received redemption proceeds in kind. A “custom order” is any purchase or redemption of Shares made in whole or in part on a cash basis in reliance on clause (a) or (b). A [Fund] may also determine, upon receiving a purchase or redemption order from an Authorized Participant, to require the purchase or redemption, as applicable, to be made entirely in cash.”

¹³ Under their terms, all other NextShares orders granted to date would automatically adjust to reflect any amendments to the terms and conditions of the Eaton Vance NextShares Order. See, for example, the Ivy NextShares order at <https://www.sec.gov/rules/ic/2015/ic-31816.pdf>.

exemptive orders. The proposed rescission of master-feeder relief would not apply to NextShares, which are not ETFs.

The Release cites two reasons¹⁴ for this proposed change: (a) only one ETF complex has established master-feeder arrangements involving ETF feeder funds, and each such arrangement involves only a single feeder fund; and (b) the Commission is concerned about potential inequities that could arise if an ETF feeder fund transacts with a master fund in kind and non-ETF feeder funds transaction in cash, but all feeder fund shareholders bear the costs of the cash transactions.

While Eaton Vance does not offer, or contemplate offering, any ETFs that utilize a master-feeder arrangement, we do sponsor and manage several NextShares funds that co-invest alongside a similar mutual fund in a corresponding master fund. In our experience, the Commission's concern about inequities among feeder fund shareholders can readily be addressed by each master fund imposing transaction fees that vary according to the type of consideration (cash or in kind) paid or received by the transacting feeder fund, which is our practice and consistent with the Eaton Vance NextShares Order.¹⁵ At least in the context of NextShares, we see a continuing role for master-feeder structures and would oppose any proposed action to curtail their availability and use.

Application of Regulation FD to ETFs

In discussing the risks of selective disclosure of ETF portfolio holdings, the Release raises the question of whether Regulation FD should be amended to apply to ETFs. We support extending Regulation FD to cover ETFs, and urge the Commission to take this action in connection with the Proposal.

Promulgated by the Commission in 2000, Regulation FD seeks to ensure that material, non-public information released to the marketplace is made available to all market participants at the same time. Regulation FD provides that "whenever an issuer, or any person acting on its behalf, discloses any material nonpublic information regarding that issuer or its securities to any person described in paragraph (b)(1) of this section, the issuer shall make public disclosure of that information." The referenced paragraph (b)(1) includes any person outside the issuer who is, or associated with, a broker or dealer. Regulation FD provides carve-outs to permit disclosures of material, non-public information for certain purposes under a duty of confidentiality.

By its terms, Regulation FD does not apply to registered investment companies that are not closed-end funds. However, the adopting release to the 2004 N1-A Amendments makes clear the Commission's intent to subject open-end funds to similar standards for the dissemination and use of material, non-public fund information as apply to other issuers of securities. Moreover, while Regulation FD does not apply to ETFs directly, listing exchanges require ETFs to disclose material, non-public information in a Regulation FD-compliant manner. Amending Regulation FD so that it applies

¹⁴ See Release at page 141.

¹⁵ See footnote 19 of the Eaton Vance NextShares Notice of Application; <https://www.sec.gov/rules/ic/2014/ic-31333.pdf>.

directly to ETFs would clarify and reinforce ETFs' obligations with respect to material, non-public information.

On behalf of Eaton Vance, I thank the SEC commissioners and staff for their consideration of these comments and recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas E. Faust Jr.", written in a cursive style.

Thomas E. Faust Jr.
Chairman and Chief Executive Officer
Eaton Vance Corp.

Exhibit 1-1: Measures of ETF Investor Trading Costs: 2017

Category	No of Funds		Average Market Cap (\$MM)		Average Volume (\$MM)		Avg Abs Premium/Discount (%)						Volatility of Premium/Discount (%)					
			AETF	IETF	AETF	IETF	EW		AW		VW		EW		AW		VW	
	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF
US EQUITY DIVERSIFIED	37	386	1,384	1,374,105	9	30,867	0.21	0.21	0.14	0.02	0.14	0.02	0.28	0.27	0.17	0.03	0.16	0.03
Large Blend	18	125	706	669,269	5	19,466	0.18	0.27	0.13	0.02	0.13	0.02	0.23	0.35	0.15	0.03	0.14	0.02
Large Growth	5	36	120	158,836	1	4,449	0.24	0.12	0.15	0.02	0.16	0.02	0.38	0.16	0.18	0.03	0.20	0.03
Large Value	6	70	116	201,055	1	1,524	0.27	0.16	0.17	0.02	0.16	0.02	0.37	0.21	0.22	0.03	0.21	0.03
Mid-Cap Blend	4	34	212	110,527	1	752	0.16	0.18	0.15	0.03	0.15	0.03	0.19	0.21	0.18	0.03	0.18	0.03
Mid-Cap Growth		24		26,182		99		0.14		0.03	0.04			0.21		0.04		0.04
Mid-Cap Value	2	23	199	49,433	1	186	0.12	0.13	0.11	0.03	0.12	0.03	0.13	0.19	0.13	0.04	0.13	0.03
Small Blend		42		106,069		4,024		0.32		0.04	0.04			0.44		0.05		0.04
Small Growth	2	12	31	21,442	0	152	0.42	0.12	0.33	0.04	0.35	0.04	0.67	0.16	0.50	0.06	0.54	0.06
Small Value		20		31,292		217		0.12		0.04	0.04			0.16		0.05		0.05
US EQUITY SECTORS	12	308	2,641	367,022	28	12,715	0.18	0.19	0.11	0.06	0.15	0.07	0.20	0.21	0.11	0.06	0.14	0.08
Commodities Industrial Metals		2		290		4		0.22		0.20	0.20			0.31		0.28		0.28
Communications		5		2,361		35		0.10		0.07	0.08			0.12		0.10		0.10
Consumer Cyclical		23		20,107		777		0.15		0.03	0.04			0.21		0.04		0.05
Consumer Defensive		17		15,360		602		0.28		0.03	0.03			0.30		0.04		0.04
Energy Limited Partnership	2	8	2,226	11,390	19	136	0.15	0.16	0.10	0.12	0.14	0.12	0.14	0.20	0.10	0.16	0.13	0.16
Equity Energy		26		28,691		1,732		0.20		0.04	0.04			0.25		0.05		0.05
Equity Precious Metals		12		14,989		1,721		0.34		0.24	0.23			0.48		0.32		0.31
Financial	1	29	65	52,155	1	2,282	0.22	0.09	0.22	0.05	0.22	0.05	0.13	0.12	0.13	0.06	0.13	0.06
Health	1	33	26	48,681	0	1,327	0.20	0.18	0.20	0.04	0.20	0.04	0.27	0.23	0.27	0.05	0.27	0.05
Industrials		23		25,008		784		0.13		0.03	0.03			0.19		0.05		0.04
Miscellaneous Sector	2	23	9	5,803	0	50	0.19	0.29	0.23	0.20	0.17	0.27	0.23	0.30	0.32	0.20	0.19	0.25
Natural Resources		32		18,983		440		0.27		0.12	0.07			0.33		0.13		0.09
Real Estate	1	21	26	54,328	0	1,001	0.19	0.15	0.19	0.03	0.19	0.03	0.27	0.20	0.27	0.04	0.27	0.04
Technology	4	42	275	56,185	7	1,139	0.15	0.17	0.16	0.03	0.16	0.04	0.14	0.00	0.14	0.00	0.14	0.00
Utilities	1	12	15	12,691	0	686	0.24	0.17	0.24	0.03	0.24	0.03	0.38	0.21	0.38	0.04	0.38	0.04
INTERNATIONAL EQUITY	14	473	947	621,707	7	10,115	0.52	0.44	0.50	0.26	0.42	0.30	0.46	0.40	0.38	0.20	0.29	0.31
China Region		40		14,435		915		0.54		0.34	0.35			0.63		0.43		0.45
Diversified Emerging Mkts	1	72	47	146,419	0	3,118	0.50	0.52	0.50	0.33	0.50	0.35	0.28	0.49	0.28	0.34	0.28	0.38
Diversified Pacific/Asia	1	5	22	5,388	0	28	0.56	0.35	0.56	0.19	0.56	0.18	0.43	0.45	0.43	0.19	0.43	0.18
Europe Stock	1	36	76	52,472	1	779	0.47	0.45	0.47	0.17	0.47	0.17	0.29	0.46	0.29	0.19	0.29	0.20
Foreign Large Blend	5	60	330	237,501	3	2,172	0.40	0.45	0.42	0.20	0.42	0.20	0.34	0.00	0.27	0.00	0.26	0.00
Foreign Large Growth	1	11	82	4,361	1	24	0.27	0.40	0.27	0.26	0.27	0.27	0.19	0.40	0.19	0.24	0.19	0.23
Foreign Large Value		30		20,156		90		0.36		0.26	0.26			0.30		0.25		0.25
Foreign Small/Mid Blend		8		15,967		80		0.43		0.29	0.29			0.44		0.24		0.25
Foreign Small/Mid Value		8		2,139		7		0.48		0.35	0.36			0.41		0.28		0.29
Global Real Estate	1	11	1	12,013	0	68	0.88	0.24	0.88	0.20	0.88	0.20	0.78	0.28	0.78	0.18	0.78	0.19
India Equity		9		8,609		165		0.47		0.42	0.41			0.55		0.52		0.52
Japan Stock		25		29,592		580		0.43		0.38	0.37			0.53		0.50		0.49
Latin America Stock		8		7,609		713		0.40		0.39	0.42			0.50		0.55		0.59
Miscellaneous Region	1	94	10	32,418	0	1,052	1.27	0.42	1.27	0.30	1.27	0.33	1.44	0.49	1.44	0.40	1.44	0.44
Pacific/Asia ex-Japan Stk		12		8,099		109		0.44		0.35	0.35			0.46		0.40		0.41
World Stock	3	44	381	24,528	1	213	0.47	0.36	0.60	0.13	0.47	0.12	0.44	0.32	0.51	0.12	0.37	0.12

Exhibit 1-2: Measures of ETF Investor Trading Costs: 2016

Category	No of Funds		Average Market Cap (\$MM)		Average Volume (\$MM)		Avg Abs Premium/Discount (%)						Volatility of Premium/Discount (%)					
			AETF	IETF	AETF	IETF	EW		AW		VW		EW		AW		VW	
	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF
US EQUITY DIVERSIFIED	29	332	1,201	1,012,433	6	34,845	0.23	0.19	0.15	0.03	0.15	0.02	0.32	0.26	0.17	0.04	0.17	0.03
Large Blend	11	94	318	490,019	2	23,996	0.24	0.23	0.16	0.02	0.16	0.02	0.37	0.29	0.17	0.03	0.17	0.03
Large Growth	3	35	103	122,047	0	3,594	0.30	0.20	0.21	0.02	0.17	0.02	0.40	0.27	0.24	0.03	0.19	0.03
Large Value	4	63	57	148,962	1	1,723	0.28	0.13	0.19	0.03	0.19	0.03	0.37	0.19	0.24	0.04	0.24	0.03
Mid-Cap Blend	5	32	414	83,226	2	826	0.16	0.14	0.13	0.03	0.12	0.03	0.18	0.20	0.14	0.04	0.13	0.04
Mid-Cap Growth	1	23	38	21,828	0	118	0.09	0.18	0.09	0.04	0.09	0.04	0.11	0.27	0.11	0.05	0.11	0.05
Mid-Cap Value	2	23	232	38,563	1	220	0.12	0.14	0.12	0.03	0.12	0.03	0.12	0.21	0.12	0.05	0.12	0.04
Small Blend	1	30	14	70,586	0	3,928	0.25	0.38	0.25	0.04	0.25	0.04	0.32	0.43	0.32	0.05	0.32	0.05
Small Growth	2	12	25	15,724	0	176	0.31	0.12	0.39	0.04	0.36	0.04	0.54	0.16	0.67	0.05	0.62	0.05
Small Value		20		21,479		265		0.15		0.04	0.04			0.21		0.05		0.05
US EQUITY SECTORS	9	323	1,404	288,778	9	14,396	0.36	0.24	0.14	0.07	0.21	0.10	0.53	0.31	0.16	0.09	0.24	0.13
Commodities Industrial Metals		2		172		3		0.31		0.22	0.22			0.54		0.31		0.31
Communications		6		2,584		39		0.15		0.08	0.07			0.21		0.11		0.09
Consumer Cyclical		26		19,031		929		0.20		0.04	0.04			0.27		0.05		0.06
Consumer Defensive		17		17,417		757		0.22		0.04	0.04			0.31		0.05		0.05
Energy Limited Partnership	1	9	82	8,979	2	124	0.68	0.24	0.68	0.16	0.68	0.15	0.86	0.34	0.86	0.21	0.86	0.20
Equity Energy	1	26	1,232	26,605	7	2,124	0.10	0.25	0.10	0.05	0.10	0.05	0.08	0.34	0.08	0.07	0.08	0.07
Equity Precious Metals		12		12,877		2,466		0.52		0.35	0.33			0.67		0.47		0.45
Financial		32		31,168		1,818		0.18		0.05	0.05			0.25		0.07		0.06
Health	1	35	7	39,732	0	1,888	0.55	0.18	0.55	0.04	0.55	0.05	0.84	0.26	0.84	0.06	0.84	0.07
Industrials		23		13,835		791		0.17		0.04	0.04			0.24		0.06		0.06
Miscellaneous Sector	1	24	6	3,516	0	16	0.30	0.35	0.30									

Exhibit 1-3: Measures of ETF Investor Trading Costs: 2015

Category	No of Funds		Average Market Cap (\$MM)		Average Volume (\$MM)		Avg Abs Premium/Discount (%)						Volatility of Premium/Discount (%)					
			AETF	IETF	AETF	IETF	EW		AW		VW		EW		AW		VW	
	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF
US EQUITY DIVERSIFIED	27	289	1,222	902,925	9	39,057	0.29	0.16	0.16	0.03	0.16	0.03	0.44	0.24	0.23	0.05	0.23	0.04
Large Blend	6	89	135	428,901	1	27,662	0.34	0.21	0.28	0.03	0.25	0.02	0.65	0.31	0.55	0.04	0.42	0.03
Large Growth	5	27	112	116,940	2	3,991	0.33	0.14	0.24	0.03	0.14	0.03	0.48	0.20	0.34	0.06	0.18	0.04
Large Value	5	56	91	125,450	1	1,846	0.31	0.14	0.21	0.03	0.26	0.04	0.45	0.20	0.32	0.05	0.37	0.05
Mid-Cap Blend	5	25	444	77,539	2	797	0.24	0.10	0.11	0.04	0.12	0.03	0.30	0.14	0.14	0.07	0.15	0.05
Mid-Cap Growth	1	16	12	22,571	0	145	0.32	0.11	0.32	0.04	0.32	0.05	0.42	0.16	0.42	0.05	0.42	0.06
Mid-Cap Value	3	20	379	33,606	2	170	0.13	0.12	0.11	0.03	0.12	0.03	0.17	0.18	0.14	0.04	0.15	0.04
Small Blend	2	28	48	63,843	1	4,083	0.29	0.23	0.29	0.04	0.32	0.04	0.39	0.34	0.40	0.05	0.45	0.05
Small Growth		11		16,384		188		0.11		0.05		0.04		0.16		0.08		0.06
Small Value		17		17,691		174		0.14		0.05		0.05		0.20		0.06		0.06
US EQUITY SECTORS	8	287	1,154	284,349	11	12,193	0.30	0.21	0.11	0.06	0.11	0.07	0.43	0.28	0.14	0.09	0.14	0.10
Commodities Industrial Metals		3		176		3		0.55		0.24		0.25		0.72		0.39		0.39
Communications		7		2,177		24		0.15		0.10		0.09		0.20		0.13		0.12
Consumer Cyclical		19		22,396		1,018		0.13		0.04		0.04		0.18		0.06		0.06
Consumer Defensive		12		15,687		491		0.13		0.04		0.03		0.17		0.05		0.04
Energy Limited Partnership	1	8	15	8,934	0	116	0.48	0.23	0.48	0.13	0.48	0.13	0.63	0.34	0.63	0.39	0.63	0.39
Equity Energy	1	24	1,050	24,010	10	2,243	0.09	0.19	0.09	0.05	0.09	0.04	0.10	0.25	0.10	0.07	0.10	0.10
Equity Precious Metals		14		7,688		1,112		0.55		0.28		0.28		0.67		0.35		0.34
Financial		32		33,402		1,250		0.18		0.05		0.05		0.25		0.08		0.08
Health	1	28	8	50,211	0	2,070	0.37	0.10	0.37	0.05	0.37	0.05	0.54	0.16	0.54	0.07	0.54	0.08
Industrials		20		13,658		701		0.14		0.04		0.03		0.18		0.05		0.04
Miscellaneous Sector	1	23	8	4,474	0	30	0.30	0.36	0.30	0.25	0.30	0.32	0.45	0.44	0.45	0.31	0.45	0.39
Natural Resources		30		12,906		462		0.29		0.15		0.11		0.36		0.19		0.15
Real Estate	1	19	51	41,564	0	1,198	0.27	0.17	0.27	0.04	0.27	0.04	0.42	0.22	0.42	0.05	0.42	0.05
Technology	2	36	19	37,138	0	844	0.34	0.17	0.34	0.05	0.33	0.04	0.50	0.21	0.49	0.06	0.49	0.06
Utilities	1	12	3	9,929	0	632	0.22	0.17	0.22	0.04	0.22	0.03	0.29	0.24	0.29	0.05	0.29	0.04
INTERNATIONAL EQUITY	16	452	682	453,166	4	10,848	0.40	0.62	0.23	0.43	0.29	0.54	0.48	0.74	0.27	0.54	0.36	0.70
China Region	1	37	8	18,321	0	1,336	0.80	0.91	0.80	0.76	0.80	0.82	1.31	1.23	1.31	1.01	1.31	1.10
Diversified Emerging Mkts		68		90,331		2,989		0.73		0.48		0.56		0.84		0.59		0.70
Diversified Pacific/Asia		6		3,600		38		0.68		0.24		0.22		0.83		0.30		0.27
Europe Stock		38		57,453		1,109		0.49		0.33		0.33		0.54		0.44		0.44
Foreign Large Blend	2	46	21	139,266	0	2,084	0.66	0.49	0.69	0.32	0.65	0.36	0.76	0.49	0.82	0.39	0.74	0.44
Foreign Large Growth	1	6	17	2,772	0	22	0.51	0.39	0.51	0.40	0.51	0.41	0.67	0.47	0.67	0.50	0.67	0.49
Foreign Large Value	2	25	85	11,697	0	83	0.49	0.46	0.47	0.41	0.48	0.41	0.56	0.56	0.50	0.51	0.54	0.51
Foreign Small/Mid Blend		9		8,773		62		0.58		0.45		0.46		0.61		0.48		0.48
Foreign Small/Mid Value	1	8	12	1,435	8	8	0.69	0.55	0.69	0.50	0.69	0.50	0.48	0.67	0.48	0.57	0.48	0.58
Global Real Estate	1	15	2	11,502	0	66	0.38	0.60	0.38	0.35	0.38	0.34	0.48	0.51	0.48	0.41	0.48	0.40
India Equity		9		7,556		206		0.72		0.67		0.66		0.93		0.87		0.89
Japan Stock		27		37,667		816		0.74		0.73		0.72		0.98		0.97		0.96
Latin America Stock		14		3,382		520		0.73		0.62		0.69		0.92		0.82		0.93
Miscellaneous Region		99		34,338		1,217		0.61		0.48		0.55		0.75		0.64		0.73
Pacific/Asia ex-Japan Stk		14		7,117		112		0.64		0.61		0.64		0.74		0.80		0.82
World Stock	8	31	537	17,955	3	180	0.22	0.45	0.15	0.20	0.15	0.20	0.27	0.50	0.18	0.23	0.19	0.24

Exhibit 1-4: Measures of ETF Investor Trading Costs: 2014

Category	No of Funds		Average Market Cap (\$MM)		Average Volume (\$MM)		Avg Abs Premium/Discount (%)						Volatility of Premium/Discount (%)					
			AETF	IETF	AETF	IETF	EW		AW		VW		EW		AW		VW	
	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF
US EQUITY DIVERSIFIED	22	239	821	774,265	12	34,958	0.27	0.11	0.14	0.03	0.18	0.03	0.40	0.14	0.19	0.04	0.25	0.03
Large Blend	4	55	68	368,608	4	22,916	0.25	0.12	0.27	0.02	0.23	0.02	0.37	0.17	0.38	0.03	0.35	0.03
Large Growth	4	26	36	102,359	1	3,878	0.45	0.08	0.36	0.03	0.39	0.03	0.76	0.10	0.57	0.03	0.64	0.03
Large Value	4	49	69	107,422	1	1,581	0.26	0.09	0.17	0.03	0.21	0.03	0.40	0.12	0.24	0.04	0.32	0.03
Mid-Cap Blend	5	25	301	64,967	4	859	0.23	0.10	0.12	0.04	0.16	0.03	0.30	0.13	0.15	0.04	0.17	0.04
Mid-Cap Growth	1	16	8	15,453	0	87	0.43	0.12	0.43	0.04	0.43	0.04	0.69	0.17	0.69	0.05	0.69	0.05
Mid-Cap Value	3	18	326	30,827	3	150	0.10	0.09	0.09	0.03	0.10	0.04	0.12	0.12	0.11	0.04	0.12	0.04
Small Blend	1	24	13	55,147	0	5,110	0.23	0.14	0.23	0.04	0.23	0.04	0.30	0.20	0.30	0.05	0.30	0.05
Small Growth		11		13,821		221		0.11		0.05		0.05		0.16		0.06		0.06
Small Value		15		15,661		158		0.10		0.05		0.05		0.14		0.06		0.06
US EQUITY SECTORS	7	286	795	251,880	9	10,480	0.29	0.23	0.13	0.06	0.16	0.07	0.40	0.27	0.12	0.08	0.19	0.09
Commodities Industrial Metals		3		302		5		0.59		0.19		0.24		0.64		0.25		0.30
Communications		8		2,071		22		0.22		0.09		0.10		0.29		0.12		0.13
Consumer Cyclical		19		13,946		909		0.15		0.04		0.04		0.20		0.06		0.05
Consumer Defensive		13		11,999		386		0.21		0.04		0.03		0.25		0.05		0.04
Energy Limited Partnership	1	8	6	9,302		74	0.30	0.15	0.30	0.08	0.08	0.08	0.34	0.19	0.34	0.12	0.12	0.12
Equity Energy	1	23	722	21,758	6	2,167	0.12	0.18	0.12	0.04	0.12	0.03	0.10	0.20	0.10	0.06	0.10	0.04
Equity Precious Metals		14		10,004		1,180		0.51		0.29		0.29		0.63		0.39		0.40
Financial		34		31,400		1,086		0.19		0.05		0.04		0.25		0.06		0.06
Health	1	26	3	33,541	0	1,213	0.33	0.12	0.33	0.04	0.33	0.04	0.47	0.16	0.47	0.06	0.47	0.05
Industrials		21		16,338		707		0.15		0.04		0.03		0.20		0.05		0.04
Miscellaneous Sector	1	25	14	4,977	3	48	0.24	0.37	0.24	0.24	0.24	0.32	0.35	0.41	0.35	0.		

Exhibit 1-5: Measures of ETF Investor Trading Costs: 2013

Category	No of Funds		Average		Average		Avg Abs Premium/Discount (%)						Volatility of Premium/Discount (%)					
			Market Cap (\$MM)		Volume (\$MM)		EW		AW		VW		EW		AW		VW	
	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF
US EQUITY DIVERSIFIED	11	228	254	602,855	5	30,466	0.30	0.11	0.19	0.03	0.20	0.03	0.43	0.15	0.26	0.04	0.26	0.04
Large Blend	4	52	57	283,095	1	21,345	0.26	0.13	0.27	0.03	0.26	0.02	0.36	0.17	0.38	0.04	0.36	0.03
Large Growth	2	24	12	79,539	0	2,590	0.59	0.08	0.52	0.03	0.60	0.03	0.86	0.11	0.84	0.04	0.87	0.04
Large Value	2	46	22	84,819	0	1,441	0.27	0.10	0.23	0.04	0.25	0.03	0.49	0.13	0.46	0.04	0.47	0.04
Mid-Cap Blend	1	27	42	50,116	1	756	0.16	0.12	0.16	0.04	0.16	0.04	0.18	0.17	0.18	0.05	0.18	0.06
Mid-Cap Growth		15		11,764		65		0.12		0.04		0.04		0.17		0.05		0.05
Mid-Cap Value	1	15	118	24,542	2	133	0.12	0.09	0.12	0.04	0.12	0.04	0.13	0.11	0.13	0.05	0.13	0.05
Small Blend	1	23	3	45,089	0	3,853	0.25	0.14	0.25	0.05	0.25	0.05	0.33	0.19	0.33	0.06	0.33	0.06
Small Growth		11		11,220		155		0.12		0.05		0.05		0.16		0.06		0.06
Small Value		15		12,672		129		0.12		0.05		0.05		0.15		0.06		0.06
US EQUITY SECTORS	3	294	389	193,811	4	8,170	0.21	0.28	0.17	0.07	0.17	0.06	0.25	0.32	0.11	0.09	0.13	0.07
Commodities Industrial Metals		3		301		4		1.02		0.24		0.25		1.07		0.31		0.33
Communications		9		1,761		23		0.34		0.11		0.10		0.39		0.14		0.12
Consumer Cyclical		19		13,857		930		0.18		0.05		0.04		0.22		0.07		0.06
Consumer Defensive		14		9,930		372		0.26		0.05		0.03		0.31		0.06		0.04
Energy Limited Partnership		7		6,638		57		0.19		0.10		0.10		0.19		0.14		0.14
Equity Energy	1	25	348	17,187	3	1,375	0.16	0.22	0.16	0.05	0.16	0.04	0.09	0.25	0.09	0.06	0.09	0.05
Equity Precious Metals		13		9,222		901		0.60		0.23		0.14		0.73		0.31		0.20
Financial		37		23,390		1,069		0.25		0.05		0.04		0.30		0.06		0.05
Health		25		20,261		588		0.15		0.05		0.04		0.17		0.06		0.05
Industrials		21		9,798		522		0.20		0.05		0.04		0.23		0.06		0.05
Miscellaneous Sector	1	27	13	3,594	0	33	0.27	0.45	0.27	0.25	0.27	0.36	0.39	0.47	0.39	0.27	0.39	0.41
Natural Resources		33		17,259		469		0.38		0.14		0.07		0.40		0.15		0.08
Real Estate	1	16	28	30,178	0	1,003	0.20	0.14	0.20	0.05	0.20	0.05	0.28	0.18	0.28	0.06	0.28	0.07
Technology		31		21,882		392		0.23		0.05		0.05		0.27		0.06		0.07
Utilities		14		8,552		431		0.28		0.04		0.04		0.33		0.05		0.04
INTERNATIONAL EQUITY	6	303	56	328,958	1	8,997	0.34	0.63	0.34	0.45	0.31	0.52	0.50	0.70	0.49	0.56	0.45	0.66
China Region	1	28	2	15,130	0	897	0.45	0.73	0.45	0.59	0.45	0.61	0.65	0.84	0.65	0.75	0.65	0.78
Diversified Emerging Mkts		55		113,931		3,537		0.70		0.48		0.52		0.75		0.61		0.69
Diversified Pacific/Asia		3		2,308		25		0.40		0.20		0.20		0.48		0.23		0.23
Europe Stock		11		16,565		335		0.49		0.27		0.28		0.43		0.34		0.35
Foreign Large Blend	1	18	16	77,427	0	1,304	0.42	0.46	0.42	0.33	0.42	0.38	0.52	0.41	0.52	0.36	0.52	0.44
Foreign Large Growth	1	3	8	1,944	0	10	0.43	0.45	0.43	0.41	0.43	0.43	0.65	0.47	0.65	0.46	0.65	0.44
Foreign Large Value		19		7,770		50		0.52		0.45		0.46		0.44		0.47		0.46
Foreign Small/Mid Blend		7		4,883		32		0.61		0.52		0.52		0.51		0.48		0.50
Foreign Small/Mid Value		6		860		6		0.71		0.63		0.72		0.66		0.59		0.74
Global Real Estate		11		7,520		53		0.45		0.44		0.44		0.50		0.50		0.49
India Equity		9		2,195		92		0.85		0.78		0.77		1.13		1.05		1.05
Japan Stock		11		19,728		725		0.91		0.91		0.90		1.11		1.13		1.12
Latin America Stock		16		8,492		749		0.48		0.38		0.41		0.55		0.50		0.55
Miscellaneous Region		79		32,234		990		0.63		0.47		0.48		0.75		0.63		0.65
Pacific/Asia ex-Japan Stk		13		7,314		92		0.79		0.52		0.54		1.03		0.70		0.72
World Stock	3	14	30	10,656	1	100	0.25	0.45	0.27	0.22	0.25	0.23	0.39	0.47	0.42	0.23	0.37	0.24

Exhibit 1-6: Measures of ETF Investor Trading Costs: 2012

Category	No of Funds		Average		Average		Avg Abs Premium/Discount (%)						Volatility of Premium/Discount (%)					
			Market Cap (\$MM)		Volume (\$MM)		EW		AW		VW		EW		AW		VW	
	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF
US EQUITY DIVERSIFIED	8	237	57	434,426	1	30,277	0.59	0.18	0.52	0.04	0.51	0.03	0.64	0.25	0.56	0.05	0.53	0.04
Large Blend	4	50	37	199,782	1	20,543	0.32	0.16	0.35	0.03	0.28	0.03	0.37	0.21	0.40	0.04	0.30	0.04
Large Growth	2	32	9	66,776	0	3,060	1.41	0.16	1.46	0.03	1.39	0.03	1.31	0.22	1.31	0.04	1.31	0.04
Large Value	1	46	3	59,881	0	1,165	0.35	0.17	0.35	0.04	0.35	0.03	0.50	0.22	0.50	0.05	0.50	0.04
Mid-Cap Blend	1	28	8	33,654	0	786	0.31	0.16	0.31	0.04	0.31	0.05	0.50	0.23	0.50	0.06	0.50	0.06
Mid-Cap Growth		14		8,978		67		0.20		0.04		0.04		0.33		0.05		0.05
Mid-Cap Value		13		18,493		132		0.13		0.04		0.04		0.18		0.06		0.05
Small Blend		19		29,985		1,029		0.17		0.06		0.06		0.24		0.07		0.07
Small Growth		16		7,974		3,371		0.27		0.06		0.05		0.47		0.08		0.07
Small Value		19		8,903		124		0.25		0.06		0.06		0.35		0.08		0.08
US EQUITY SECTORS	3	294	100	146,358	2	7,199	0.29	0.30	0.26	0.08	0.26	0.06	0.35	0.35	0.26	0.10	0.24	0.08
Commodities Industrial Metals		3		347		3		0.70		0.28		0.28		1.62		0.39		0.40
Communications		9		1,669		14		0.37		0.14		0.14		0.44		0.17		0.16
Consumer Cyclical		19		8,276		777		0.20		0.06		0.06		0.24		0.07		0.07
Consumer Defensive		15		8,318		228		0.28		0.05		0.04		0.35		0.06		0.05
Energy Limited Partnership		3		3,532		34		0.21		0.10		0.10		0.20		0.11		0.12
Equity Energy	1	27	70	15,405	2	1,381	0.25	0.28	0.25	0.06	0.25	0.05	0.20	0.33	0.20	0.08	0.20	0.06
Equity Precious Metals		13		11,920		746		0.59		0.17		0.11		0.67		0.22		0.14
Financial		35		12,379		1,331		0.27		0.06		0.07		0.37		0.08		0.09
Health		25		12,513		323		0.16		0.06		0.05		0.21		0.08		0.07
Industrials		24		5,497		742		0.29		0.06		0.04		0.33		0.07		0.05
Miscellaneous Sector	1	25	7	2,929	0	20	0.37	0.43	0.37	0.27	0.37	0.32	0.49	0.37	0.49	0.27	0.49	0.35
Natural Resources		35		14,239		537		0.37		0.14		0.06		0.43		0.16		0.08
Real Estate	1	17	23	23,279	0	359	0.25	0.15	0.25	0.05	0.25	0.05	0.37	0.20	0.37	0.06	0.37	0.07
Technology		31		17,304		399		0.26		0.05		0.10		0.30		0.07		0.11
Utilities		13		8,752														

Exhibit 1-7: Measures of ETF Investor Trading Costs: 2011

Category	No of Funds		Average Market Cap (\$MM)		Average Volume (\$MM)		Avg Abs Premium/Discount (%)						Volatility of Premium/Discount (%)					
			AETF	IETF	AETF	IETF	EW		AW		VW		EW		AW		VW	
	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF
US EQUITY DIVERSIFIED	8	227	64	364,536	1	40,351	0.58	0.25	0.53	0.04	0.54	0.04	0.91	0.40	0.82	0.07	0.84	0.07
Large Blend	2	51	19	166,662	0	28,288	0.63	0.23	0.70	0.04	0.73	0.03	0.92	0.36	1.00	0.06	1.04	0.07
Large Growth	3	30	34	52,494	1	4,002	0.65	0.26	0.45	0.04	0.44	0.03	1.08	0.39	0.76	0.05	0.75	0.04
Large Value	1	39	3	44,248	0	1,353	0.51	0.17	0.51	0.04	0.51	0.04	0.75	0.25	0.75	0.06	0.75	0.05
Mid-Cap Blend	1	28	5	32,903	0	786	0.45	0.25	0.45	0.05	0.45	0.05	0.66	0.43	0.66	0.08	0.66	0.07
Mid-Cap Growth	1	14	3	8,923	0	100	0.49	0.28	0.49	0.05	0.49	0.05	0.81	0.43	0.81	0.07	0.81	0.07
Mid-Cap Value				14,109		126		0.15		0.05		0.05		0.24		0.07		0.06
Small Blend				28,441		5,329		0.25		0.07		0.07		0.40		0.10		0.09
Small Growth				8,214		216		0.48		0.08		0.08		0.78		0.12		0.11
Small Value				8,542		152		0.37		0.08		0.09		0.57		0.12		0.12
US EQUITY SECTORS	1	297	20	135,323	0	10,757	0.30	0.33	0.30	0.12	0.30	0.09	0.59	0.47	0.59	0.17	0.59	0.15
Commodities Industrial Metals				540		6		0.46		0.44		0.44		0.63		0.61		0.61
Communications				1,771		21		0.37		0.19		0.16		0.56		0.28		0.24
Consumer Cyclical				5,994		1,080		0.31		0.12		0.14		0.52		0.26		0.38
Consumer Defensive				6,341		296		0.34		0.07		0.05		0.45		0.10		0.07
Energy Limited Partnership				1,187		13		0.10		0.10		0.10		0.12		0.12		0.12
Equity Energy				20,568		2,812		0.27		0.07		0.04		0.35		0.10		0.06
Equity Precious Metals				11,160		846		0.47		0.21		0.15		0.59		0.28		0.20
Financial				11,342		1,572		0.37		0.08		0.06		0.54		0.12		0.09
Health				11,121		505		0.22		0.09		0.06		0.32		0.14		0.09
Industrials				5,840		802		0.33		0.07		0.04		0.48		0.10		0.06
Miscellaneous Sector				4,600		48		0.42		0.36		0.41		0.51		0.43		0.51
Natural Resources				14,921		1,006		0.43		0.20		0.10		0.57		0.26		0.12
Real Estate	1	17	20	16,580	0	714	0.30	0.26	0.30	0.07	0.30	0.07	0.59	0.42	0.59	0.10	0.59	0.09
Technology				16,200		753		0.27		0.10		0.29		0.45		0.16		0.53
Utilities				7,159		281		0.33		0.06		0.05		0.44		0.08		0.06
INTERNATIONAL EQUITY	3	231	31	244,592	1	10,827	0.58	0.84	0.62	0.63	0.71	0.75	0.80	1.01	0.84	0.82	0.96	0.98
China Region				13,779		1,049		1.34		0.97		1.01		1.51		1.37		1.45
Diversified Emerging Mkts				89,996		3,989		0.77		0.56		0.67		0.88		0.76		0.93
Diversified Pacific/Asia				1,583		10		0.26		0.19		0.19		0.34		0.23		0.23
Europe Stock				5,235		1,398		0.61		0.47		0.95		0.78		0.58		1.12
Foreign Large Blend	1	14	12	53,642	0	1,378	1.04	0.71	1.04	0.56	1.04	0.62	1.38	0.82	1.38	0.70	1.38	0.79
Foreign Large Growth	1	4	8	1,494	0	9	0.38	0.71	0.38	0.66	0.38	0.64	0.54	0.82	0.54	0.84	0.54	0.81
Foreign Large Value				3,779		33		0.77		0.68		0.70		0.87		0.84		0.84
Foreign Small/Mid Blend				3,459		26		0.65		0.67		0.67		0.80		0.82		0.84
Foreign Small/Mid Value				679		3		0.75		0.72		0.77		0.89		0.91		0.96
Global Real Estate				3,220		26		0.64		0.70		0.68		0.76		0.83		0.80
India Equity				2,013		83		0.88		0.82		0.83		1.19		1.14		1.15
Japan Stock				7,654		332		0.87		0.88		0.88		1.16		1.22		1.22
Latin America Stock				15,029		1,167		1.03		0.67		0.72		1.02		0.66		0.68
Miscellaneous Region				31,460		1,183		0.85		0.71		0.74		1.12		0.98		1.03
Pacific/Asia ex-Japan Stk				6,750		92		0.89		0.85		0.85		1.23		1.21		1.22
World Stock	1	11	11	4,820	0	49	0.33	0.54	0.33	0.41	0.33	0.38	0.47	0.64	0.47	0.45	0.47	0.43

Exhibit 1-8: Measures of ETF Investor Trading Costs: 2010

Category	No of Funds		Average Market Cap (\$MM)		Average Volume (\$MM)		Avg Abs Premium/Discount (%)						Volatility of Premium/Discount (%)					
			AETF	IETF	AETF	IETF	EW		AW		VW		EW		AW		VW	
	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF
US EQUITY DIVERSIFIED	6	188	40	293,388	0	35,642	0.82	0.19	0.59	0.05	0.59	0.04	1.34	0.30	0.94	0.06	0.97	0.06
Large Blend	1	46	3	134,992	0	24,521	0.85	0.25	0.85	0.04	0.85	0.03	1.41	0.39	1.41	0.05	1.41	0.05
Large Growth	3	22	31	42,488	0	4,271	0.85	0.13	0.53	0.04	0.51	0.04	1.33	0.20	0.83	0.06	0.79	0.07
Large Value	1	30	2	31,778	0	1,252	0.80	0.11	0.80	0.05	0.80	0.04	1.50	0.16	1.50	0.06	1.50	0.05
Mid-Cap Blend				26,794		680		0.24		0.05		0.05		0.40		0.08		0.10
Mid-Cap Growth	1	13	3	6,898	0	77	0.71	0.17	0.71	0.05	0.71	0.05	1.16	0.30	1.16	0.07	1.16	0.08
Mid-Cap Value				10,850		117		0.17		0.05		0.06		0.25		0.07		0.07
Small Blend				24,921		4,384		0.20		0.07		0.07		0.31		0.09		0.08
Small Growth				6,510		176		0.21		0.07		0.07		0.31		0.08		0.08
Small Value				8,157		164		0.16		0.07		0.08		0.23		0.09		0.09
US EQUITY SECTORS	3	242	19	96,096	0	8,173	1.03	0.35	0.67	0.12	0.68	0.08	1.52	0.50	1.00	0.15	1.03	0.11
Commodities Industrial Metals				431		8		0.47		0.47		0.47		0.61		0.61		0.61
Communications				1,379		18		0.44		0.17		0.17		0.59		0.21		0.21
Consumer Cyclical				4,618		915		0.31		0.10		0.08		0.46		0.13		0.10
Consumer Defensive				4,229		196		0.33		0.07		0.06		0.51		0.10		0.08
Energy Limited Partnership				293		10		0.10		0.10		0.10		0.09		0.09		0.09
Equity Energy				11,680		1,304		0.29		0.09		0.07		0.41		0.12		0.09
Equity Precious Metals				8,262		645		0.55		0.18		0.16		0.61		0.24		0.21
Financial	1	31	3	10,377	0	1,819	1.62	0.45	1.62	0.08	1.62	0.07	2.35	0.70	2.35	0.11	2.35	0.09
Health				7,904		337		0.22		0.08		0.07		0.32		0.11		0.10
Industrials				5,086		575		0.47		0.10		0.06		0.71		0.13		0.09
Miscellaneous Sector				4,684		43		0.33		0.29		0.32		0.40		0.34		0.39
Natural Resources				9,936		839		0.41		0.19		0.11		0.51		0.24		0.16
Real Estate	1	13	13	12,152	0	915	0.38	0.29	0.38	0.08	0.38	0.09	0.60	0.52	0.60	0.12	0.60	0.14
Technology	1	23	3	10,056	0	330	1.08	0.24	1.08	0.07	1.08	0.07	1.61	0.34	1.61	0.09	1.61	0.09
Utilities				5,010		219		0.31		0.07		0.06		0.44		0.11		0.09
INTERNATIONAL EQUITY	2	197	11	206,613	0	9,127	0.24	0.80	0.24	0.54	0.24	<						

Exhibit 1-9: Measures of ETF Investor Trading Costs: 2009

Category	No of Funds		Average Market Cap (\$MM)		Average Volume (\$MM)		Avg Abs Premium/Discount (%)						Volatility of Premium/Discount (%)						
			AETF	IETF	AETF	IETF	EW		AW		VW		EW		AW		VW		
	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	
US EQUITY DIVERSIFIED	6	173	20	232,818	1	34,114	0.67	0.40	0.68	0.09	0.71	0.08	1.01	0.62	1.03	0.15	1.10	0.12	
Large Blend	1	42	2	114,656	0	23,503	0.59	0.32	0.59	0.08	0.59	0.07	0.90	0.48	0.90	0.12	0.90	0.11	
Large Growth	3	21	9	34,388	0	4,606	0.67	0.32	0.68	0.10	0.68	0.08	0.97	0.49	1.00	0.15	1.00	0.14	
Large Value	1	29	3	24,456	0	1,704	0.76	0.24	0.76	0.10	0.76	0.07	1.22	0.48	1.22	0.24	1.22	0.11	
Mid-Cap Blend		17		18,471		766			0.35		0.10	0.09			0.55		0.14		0.15
Mid-Cap Growth	1	16	5	4,919	0	82	0.67	0.96	0.67	0.11	0.67	0.11	1.02	1.31	1.02	0.15	1.02	0.15	
Mid-Cap Value		14		7,979		120			0.34		0.11	0.11			0.60		0.15		0.16
Small Blend		15		16,862		3,059			0.37		0.15	0.14			0.59		0.20		0.19
Small Growth		9		5,096		146			0.81		0.14	0.14			1.12		0.18		0.19
Small Value		10		5,991		129			0.31		0.18	0.19			0.49		0.24		0.25
US EQUITY SECTORS	3	204	10	66,859	0	8,017	1.13	0.48	1.28	0.21	1.31	0.18	1.78	0.69	2.07	0.31	2.14	0.26	
Commodities Industrial Metals		1		285		7			0.66		0.66	0.66			0.81		0.81		0.81
Communications		7		950		16			0.49		0.25	0.22			0.65		0.33		0.30
Consumer Cyclical		15		2,842		682			0.50		0.22	0.16			0.79		0.30		0.22
Consumer Defensive		10		3,219		147			0.35		0.15	0.14			0.57		0.34		0.20
Energy Limited Partnership																			
Equity Energy		18		8,656		1,390			0.40		0.14	0.10			0.56		0.18		0.13
Equity Precious Metals		3		4,919		461			0.59		0.24	0.25			0.81		0.37		0.38
Financial	1	24	3	9,381	0	2,396	0.72	0.54	0.72	0.21	0.72	0.19	0.96	0.81	0.96	0.33	0.96	0.30	
Health		20		6,696		266			0.28		0.14	0.13			0.40		0.20		0.19
Industrials		17		2,856		337			0.48		0.20	0.17			0.74		0.27		0.23
Miscellaneous Sector		24		4,289		41			0.55		0.46	0.53			0.69		0.59		0.68
Natural Resources		23		6,336		559			0.56		0.27	0.19			0.70		0.37		0.25
Real Estate	1	11	4	6,903	0	1,291	1.94	0.70	1.94	0.22	1.94	0.23	3.36	1.20	3.36	0.34	3.36	0.35	
Technology	1	22	3	6,299	0	206	0.72	0.42	0.72	0.16	0.72	0.16	1.03	0.63	1.03	0.23	1.03	0.22	
Utilities		9		3,229		218			0.42		0.15	0.13			0.62		0.24		0.19
INTERNATIONAL EQUITY	0	175	0	139,639	0	7,155	1.06	0.74	1.06	0.74	1.06	0.77	1.29	0.96	1.29	0.96	1.29	1.03	
China Region		15		13,661		1,162			0.88		1.20	1.25			1.05		1.62		1.67
Diversified Emerging Mkts		17		41,629		2,631			0.93		0.59	0.61			0.96		0.74		0.78
Diversified Pacific/Asia		2		1,286		12			0.25		0.29	0.29			0.37		0.39		0.39
Europe Stock		17		4,452		49			1.57		0.53	0.56			1.99		0.68		0.73
Foreign Large Blend		12		38,012		1,141			1.08		0.69	0.74			1.36		0.88		0.96
Foreign Large Growth		3		1,164		9			0.82		0.77	0.78			1.08		0.99		1.00
Foreign Large Value		13		2,258		19			0.84		0.81	0.82			1.09		1.03		1.03
Foreign Small/Mid Blend		6		976		13			0.82		0.91	0.87			0.99		1.00		0.92
Foreign Small/Mid Value		4		511		3			1.05		0.92	0.94			1.24		1.11		1.12
Global Real Estate		11		1,153		9			1.23		1.04	1.05			1.59		1.22		1.25
India Equity		3		588		18			0.88		1.08	1.12			1.09		1.36		1.40
Japan Stock		9		5,439		271			1.26		1.15	1.15			1.64		1.54		1.54
Latin America Stock		5		10,277		1,121			0.99		0.50	0.52			0.96		0.75		0.81
Miscellaneous Region		37		12,306		604			0.95		0.89	0.91			1.14		1.14		1.18
Pacific/Asia ex-Japan Stk		10		4,162		66			1.72		1.06	1.06			2.14		1.34		1.34
World Stock		11		1,766		27			0.86		0.46	0.49			1.05		0.54		0.56

Exhibit 1-10: Measures of ETF Investor Trading Costs: 2008

Category	No of Funds		Average Market Cap (\$MM)		Average Volume (\$MM)		Avg Abs Premium/Discount (%)						Volatility of Premium/Discount (%)						
			AETF	IETF	AETF	IETF	EW		AW		VW		EW		AW		VW		
	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	AETF	IETF	
US EQUITY DIVERSIFIED	3	168	11	248,798	0	60,751	1.35	0.63	1.40	0.19	1.37	0.23	1.92	1.01	1.91	0.33	1.94	0.37	
Large Blend	1	35	2	121,228	0	39,529	1.22	0.66	1.22	0.21	1.22	0.23	2.01	1.04	2.01	0.33	2.01	0.35	
Large Growth	1	19	3	39,760	0	7,858	1.28	0.47	1.28	0.17	1.28	0.13	1.83	0.80	1.83	0.30	1.83	0.26	
Large Value		28		26,315		3,719			0.49		0.19	0.41			0.85		0.33		0.68
Mid-Cap Blend		19		16,971		1,365			0.79		0.22	0.24			1.12		0.45		0.58
Mid-Cap Growth	1	17	6	6,346	0	48	1.55	0.78	1.55	0.18	1.55	0.20	1.93	1.31	1.93	0.37	1.93	0.34	
Mid-Cap Value		14		10,630		603			0.70		0.18	1.06			1.10		0.32		1.64
Small Blend		15		16,205		6,674			0.64		0.17	0.19			1.00		0.26		0.29
Small Growth		9		5,198		740			0.62		0.19	0.16			1.00		0.31		0.28
Small Value		12		6,143		215			0.63		0.21	0.21			1.00		0.33		0.32
US EQUITY SECTORS	1	214	3	70,350	0	15,814	5.26	0.85	5.26	0.36	5.26	0.37	5.62	1.26	5.62	0.57	5.62	0.63	
Commodities Industrial Metals		1		58		2			0.56		0.56	0.56			0.82		0.82		0.82
Communications		7		1,115		19			0.72		0.41	0.35			1.08		0.64		0.56
Consumer Cyclical		15		2,503		542			0.80		0.28	0.27			1.23		0.48		0.46
Consumer Defensive		10		3,666		138			0.56		0.26	0.25			0.93		0.51		0.52
Energy Limited Partnership																			
Equity Energy		17		9,112		7,371			0.67		0.26	0.41			1.07		0.48		0.63
Equity Precious Metals		2		1,794		168			0.99		0.25	0.25			1.39		0.44		0.44
Financial		21		12,328		4,450			0.84		0.38	0.38			1.38		0.76		0.75
Health		40		7,545		290			0.92		0.25	0.24			1.36		0.47		0.49
Industrials		16		3,356		434			0.81		0.26	0.22			1.26		0.45		0.40
Miscellaneous Sector		23		5,487		81			0.81		0.52	0.72			1.09		0.72		0.95
Natural Resources		19		6,789		787			1.38		0.78	0.32			1.56		0.76		0.50
Real Estate	1	11	3	7,417	0	1,060	5.26	0.96	5.26	0.30	5.26	0.36	5.62	1.62	5.62	0.53	5.62	0.62	
Technology		23		5,757		213			0.71		0.25	0.24			1.17		0.41		0.39
Utilities		9		3,425		260			0.64		0.25	0.21			0.97		0.40		0.33
INTERNATIONAL EQUITY	0	154	0	135,999															

