



**Martha Redding**  
Associate General Counsel  
Assistant Secretary

New York Stock Exchange  
11 Wall Street  
New York, NY 10005

May 12, 2017

**VIA E-MAIL**

Brent J. Fields  
Secretary  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-1090

Re: Securities Exchange Act Rel. 34-80415 (SR-NYSEArca-2017-30)

Dear Mr. Fields:

NYSE Arca, Inc. filed the attached Amendment No. 1 to the above-referenced filing on May 10, 2017.

Sincerely,

A handwritten signature in blue ink, appearing to be the initials "BJF" followed by a stylized flourish.

Encl. Amendment No. 1 to SR-NYSEArca-2017-30)

Required fields are shown with yellow backgrounds and asterisks.

Filing by NYSE Arca, Inc.  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document
<input type="checkbox"/>	<input type="checkbox"/>

**Description**

Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

**Contact Information**

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name \* Michael Last Name \* Cavalier

Title \* Counsel NYSE Group Inc

E-mail \* [REDACTED]

Telephone \* [REDACTED] Fax [REDACTED]

**Signature**

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title \*)

Date 05/10/2017 Senior Counsel

By David De Gregorio

(Name \*)

David DeGregorio,

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

**Form 19b-4 Information \***

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

- (a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”), through its wholly-owned subsidiary NYSE Arca Equities, Inc. (“NYSE Arca Equities” or the “Corporation”) proposes to amend Commentary .01 and Commentary.02 to NYSE Arca Equities Rule 5.2(j)(3) to provide for the inclusion of cash in an index underlying a series of Investment Company Units. This Amendment No. 1 to SR-NYSEArca-2017-30 replaces SR-NYSEArca-2017-30 as originally filed and supersedes such filing in its entirety.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and the text of the proposed rule change is attached as Exhibit 5.

- (b) The Exchange does not believe that the proposed rule change will have any direct effect, or any significant indirect effect, on any other Exchange rule in effect at the time of this filing.
- (c) Not applicable.

2. Procedures of the Self-Regulatory Organization

Senior management has approved the proposed rule change pursuant to authority delegated to it by the Board of the Exchange. No further action is required under the Exchange’s governing documents. Therefore, the Exchange’s internal procedures with respect to the proposed rule change are complete.

The person on the Exchange staff prepared to respond to questions and comments on the proposed rule change is:

Michael Cavalier  
Counsel  
NYSE Group, Inc.  


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

- (a) Purpose

The Exchange proposes to amend Commentary .01 and Commentary.02 to NYSE

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

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

Arca Equities Rule 5.2(j)(3) to provide for the inclusion of cash in an index underlying a series of Investment Company Units (“Units”).<sup>3</sup> NYSE Arca Equities Rule 5.2(j)(3) provides “generic” criteria permitting listing and trading of Units pursuant to Rule 19b-4(e) under the Act<sup>4</sup> when the underlying index or portfolio satisfies the criteria set forth in NYSE Arca Equities Rule 5.2(j)(3).

The Exchange understands that certain index providers have included, or intend to include, cash as a component in indexes that also include equity or fixed income securities components. An index provider may, for example, provide a certain index weighting allocation to cash or may periodically change an allocation to cash based on the index provider’s assessment of market risk associated with other asset classes in the applicable index.<sup>5</sup>

Accordingly, the Exchange proposes to amend Commentaries .01 and .02 to permit listing and trading of Units based on an index or portfolio that includes cash as a component. While Units, like mutual funds, will generally hold an amount of cash, NYSE Arca Equities Rule 5.2(j)(3) currently provides that components of an index or portfolio underlying a series of Units consist of securities—namely, US Component Stocks, Non-US Component Stocks, Fixed Income Securities or a combination thereof. As described below, the proposed amendments to Commentary .01 and Commentary .02 to Rule 5.2(j)(3) would permit inclusion of cash as an index or portfolio component.

Currently, Commentary .01(a)(A) provides that an underlying index or portfolio of US Component Stocks<sup>6</sup> must meet specified criteria. The Exchange proposes to amend Commentary .01(a)(A) to provide that the components of an index or

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<sup>3</sup> Investment Company Units are securities that represent interests in a unit investment trust, an open-end management investment company securities or a similar entity registered under the investment Company Act of 1940 (15 U.S.C. 80a-1). A series of Investment Company Units seeks to provide investment results that correspond generally to the price and yield performance of a specific foreign or domestic stock index, fixed income securities index or combination thereof.

<sup>4</sup> 17 CFR 240.19b-4(e).

<sup>5</sup> The Exchange notes that shares of the following exchange-traded funds based on indexes that include cash as a component are currently listed and traded on the BATS BZX Exchange, Inc.: QuantX Risk Managed Growth ETF; QuantX Risk Managed Multi-Asset Income ETF; QuantX Risk Managed Multi-Asset Total Return ETF; and QuantX Risk Managed Real Return ETF.

<sup>6</sup> Rule 5.2(j)(3) defines "US Component Stock" as an equity security that is registered under Sections 12(b) or 12(g) of the Act or an American Depositary Receipt, the underlying equity security of which is registered under Sections 12(b) or 12(g) of the Act.

portfolio underlying a series of Units may also include cash. In addition, the percentage weighting criteria in Commentary .01(a)(A)(1) through (4) each would be amended to make clear that such criteria would be applied only to the US Component Stocks portion of an index or portfolio. For example, in applying the criteria in proposed Commentary .01(a)(A)(1),<sup>7</sup> if 85% of the weight of an index consists of US Component Stocks and 15 % of the index weight is cash, the requirement that component stocks accounting for 90% of the weight of the index or portfolio have a minimum market value of \$75 million minimum would be applied only to the 85% portion consisting of US Component Stocks.

Commentary .01 (a)(B), which relates to international or global indexes or portfolios, would be amended to provide that components of an index or portfolio underlying a series of Units may consist of (a) only Non-US Component Stocks, (b) Non-US Component Stocks and cash, (c) both US Component Stocks and Non-US Component Stocks, or (d) US Component Stocks, Non-US Component Stocks and cash. In addition, the percentage weighting criteria in Commentary .01(a)(B)(1) through (4) each would be amended to make clear that such criteria would be applied only to the US and Non-US Component Stocks portions of an index or portfolio.

Commentary .02 to NYSE Arca Equities Rule 5.2(j)(3) provides generic criteria applicable to listing and trading of Units whose underlying index or portfolio includes Fixed Income Securities.<sup>8</sup> Currently, Commentary .02(a)(1) provides that an underlying index or portfolio must consist of Fixed Income Securities. The Exchange proposes to amend Commentary .02(a)(1) to provide that the index or portfolio may also include cash. In addition, the percentage weighting criteria in Commentary .02(a)(2), (a)(4) and (a)(6) each would be amended to make clear that such criteria would be applied only to the Fixed Income Securities portion of an index or portfolio. For example, in applying the criteria in proposed Commentary .01(a)(2),<sup>9</sup> if 90% of the weight of an index or portfolio consists of

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<sup>7</sup> Proposed Commentary .01(a)(A)(1) would provide that component stocks (excluding Units and Derivative Securities Products) that in the aggregate account for at least 90% of the weight of the US Component Stocks portion of the index or portfolio (excluding such Derivative Securities Products) each shall have a minimum market value of at least \$75 million.

<sup>8</sup> As defined in Commentary .02 to NYSE Arca Equities Rule 5.2(j)(3), Fixed Income Securities are debt securities that are notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, U.S. Department of Treasury securities ("Treasury Securities"), government-sponsored entity securities ("GSE Securities"), municipal securities, trust preferred securities, supranational debt and debt of a foreign country or a subdivision thereof.

<sup>9</sup> Proposed Commentary .01(a)(2) would provide that Fixed Income Security components that in aggregate account for at least 75% of the Fixed Income

Fixed Income Securities and 10% of the index weight is cash, the requirement that Fixed Income Securities accounting for at least 75% of the weight of the index or portfolio have a minimum original principal amount outstanding of \$100 million would be applied only to the 90% portion consisting of Fixed Income Securities.

The Exchange notes that the Commission has previously approved Exchange rules allowing portfolios held by issues of Managed Fund Shares (actively-managed exchange-traded funds) under Commentary .01 to NYSE Arca Equities Rule 8.600 to include cash.<sup>10</sup> Like the provision in Commentary .01(c) to Rule 8.600, which states that there is no limit to cash holdings by an issue of Managed Fund Shares listed under Commentary .01 to Rule 8.600, there is no proposed limit to the weighting of cash in an index underlying a series of Units. The Exchange believes this is appropriate in that cash does not, in itself, impose investment or market risk.

The Exchange believes the proposed amendments, by permitting inclusion of cash as a component of indexes underlying series of Units, would provide issuers of Units with additional choice in indexes permitted to underlie Units that are permitted to list and trade on the Exchange pursuant to the Rule 19b-4(e), which would enhance competition among market participants, to the benefit of investors and the marketplace. In addition, the proposed amendments would provide investors with greater ability to hold Units based on underlying indexes that may accord more closely with an investor's assessment of market risk, in that some investors may view cash as a desirable component of an underlying index under certain market conditions.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>11</sup> in general, and furthers the objectives of Sections 6(b)(5) of the Act,<sup>12</sup> in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to, and perfect the mechanisms of, a free and open market and a national market system and, in general, to protect investors and the public interest and because it is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

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Securities portion of the weight of the index or portfolio each shall have a minimum original principal amount outstanding of \$100 million or more.

<sup>10</sup> See Commentary .01(c) to NYSE Arca Equities Rule 8.600.

<sup>11</sup> 15 U.S.C. 78f(b).

<sup>12</sup> 15 U.S.C. 78f(b)(5).

The Exchange has in place surveillance procedures that are adequate to properly monitor trading in Units in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws.

The Exchange notes that, as described above, the percentage weighting criteria in Commentary .01(a)(B)(1) through (4) to Rule 5.2(j)(3) each would be amended to make clear that such criteria would be applied only to the US and Non-US Component Stocks portions of an index or portfolio. The percentage weighting criteria in Commentary .02(a)(2), (a)(4) and (a)(6) to Rule 5.2(j)(3) each would be amended to make clear that such criteria would be applied only to the Fixed Income Securities portion of an index or portfolio. Such applications of the proposed amendments would assure that the weighting requirements in Commentary .01 and Commentary .02 would continue to be applied only to securities in an index or portfolio, and would not be diluted as a result of inclusion of a cash component. In addition, the addition of cash as a permitted component of indexes underlying Units listed and traded on the Exchange pursuant to Rule 19b-4(e) does not raise regulatory issues because cash does not, in itself, impose investment or market risk and is not susceptible to manipulation.

The Exchange believes the proposed amendments, by permitting inclusion of cash as a component of indexes underlying series of Units, would provide issuers of Units with additional choice in indexes permitted to underlie Units that are permitted to list and trade on the Exchange pursuant to the Rule 19b-4(e), which would enhance competition among market participants, to the benefit of investors and the marketplace. In addition, the proposed amendments would provide investors with greater ability to hold Units based on underlying indexes that may accord more closely with an investor's assessment of market risk.

4. Self-Regulatory Organization's Statement on Burden on Competition

In accordance with Section 6(b)(8) of the Act,<sup>13</sup> the Exchange believes that the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change would permit Exchange listing and trading under Rule 19b-4(e) of Units based on indexes that include cash as a component, which would enhance competition among market participants, to the benefit of investors and the marketplace.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

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<sup>13</sup> 15 U.S.C. 78f(b)(8).

6. Extension of Time Period for Commission Action

The Exchange does not consent at this time to an extension of the time period for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is not based on rules of another self-regulatory organization or of the Commission.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1 – Form of Notice of Proposed Rule Change for Publication in the Federal Register

Exhibit 4--Rule text changes from initial filing

Exhibit 5 – Text of the Proposed Rule Change

## SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-NYSEARCA-2017-30; Amendment No. 1)

[Date]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change to Amend Commentary .01 and Commentary.02 to NYSE Arca Equities Rule 5.2(j)(3) to Provide for the Inclusion of Cash in an Index Underlying a Series of Investment Company Units

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the “Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on May 10, 2017, NYSE Arca, Inc. (the “Exchange” or “NYSE Arca”) 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. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Commentary .01 and Commentary.02 to NYSE Arca Equities Rule 5.2(j)(3) to provide for the inclusion of cash in an index underlying a series of Investment Company Units. The proposed rule change is available on the Exchange’s website at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

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 to amend Commentary .01 and Commentary.02 to NYSE Arca Equities Rule 5.2(j)(3) to provide for the inclusion of cash in an index underlying a series of Investment Company Units (“Units”).<sup>4</sup> NYSE Arca Equities Rule 5.2(j)(3) provides “generic” criteria permitting listing and trading of Units pursuant to Rule 19b-4(e) under the Act<sup>5</sup> when the underlying index or portfolio satisfies the criteria set forth in NYSE Arca Equities Rule 5.2(j)(3). This Amendment No. 1 to SR-NYSEArca-2017-30 replaces SR-NYSEArca-2017-30 as originally filed and supersedes such filing in its entirety.

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<sup>4</sup> Investment Company Units are securities that represent interests in a unit investment trust, an open-end management investment company securities or a similar entity registered under the investment Company Act of 1940 (15 U.S.C. 80a-1). A series of Investment Company Units seeks to provide investment results that correspond generally to the price and yield performance of a specific foreign or domestic stock index, fixed income securities index or combination thereof.

<sup>5</sup> 17 CFR 240.19b-4(e).

The Exchange understands that certain index providers have included, or intend to include, cash as a component in indexes that also include equity or fixed income securities components. An index provider may, for example, provide a certain index weighting allocation to cash or may periodically change an allocation to cash based on the index provider's assessment of market risk associated with other asset classes in the applicable index.<sup>6</sup>

Accordingly, the Exchange proposes to amend Commentaries .01 and .02 to permit listing and trading of Units based on an index or portfolio that includes cash as a component. While Units, like mutual funds, will generally hold an amount of cash, NYSE Arca Equities Rule 5.2(j)(3) currently provides that components of an index or portfolio underlying a series of Units consist of securities—namely, US Component Stocks, Non-US Component Stocks, Fixed Income Securities or a combination thereof. As described below, the proposed amendments to Commentary .01 and Commentary .02 to Rule 5.2(j)(3) would permit inclusion of cash as an index or portfolio component.

Currently, Commentary .01(a)(A) provides that an underlying index or portfolio of US Component Stocks<sup>7</sup> must meet specified criteria. The Exchange proposes to amend Commentary .01(a)(A) to provide that the components of an index or portfolio underlying a series of Units may also include cash. In addition, the percentage weighting

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<sup>6</sup> The Exchange notes that shares of the following exchange-traded funds based on indexes that include cash as a component are currently listed and traded on the BATS BZX Exchange, Inc.: QuantX Risk Managed Growth ETF; QuantX Risk Managed Multi-Asset Income ETF; QuantX Risk Managed Multi-Asset Total Return ETF; and QuantX Risk Managed Real Return ETF.

<sup>7</sup> Rule 5.2(j)(3) defines "US Component Stock" as an equity security that is registered under Sections 12(b) or 12(g) of the Act or an American Depositary Receipt, the underlying equity security of which is registered under Sections 12(b) or 12(g) of the Act.

criteria in Commentary .01(a)(A)(1) through (4) each would be amended to make clear that such criteria would be applied only to the US Component Stocks portion of an index or portfolio. For example, in applying the criteria in proposed Commentary .01(a)(A)(1),<sup>8</sup> if 85% of the weight of an index consists of US Component Stocks and 15% of the index weight is cash, the requirement that component stocks accounting for 90% of the weight of the index or portfolio have a minimum market value of \$75 million minimum would be applied only to the 85% portion consisting of US Component Stocks.

Commentary .01 (a)(B), which relates to international or global indexes or portfolios, would be amended to provide that components of an index or portfolio underlying a series of Units may consist of (a) only Non-US Component Stocks, (b) Non-US Component Stocks and cash, (c) both US Component Stocks and Non-US Component Stocks, or (d) US Component Stocks, Non-US Component Stocks and cash. In addition, the percentage weighting criteria in Commentary .01(a)(B)(1) through (4) each would be amended to make clear that such criteria would be applied only to the US and Non-US Component Stocks portions of an index or portfolio.

Commentary .02 to NYSE Arca Equities Rule 5.2(j)(3) provides generic criteria applicable to listing and trading of Units whose underlying index or portfolio includes Fixed Income Securities.<sup>9</sup> Currently, Commentary .02(a)(1) provides that an underlying

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<sup>8</sup> Proposed Commentary .01(a)(A)(1) would provide that component stocks (excluding Units and Derivative Securities Products) that in the aggregate account for at least 90% of the weight of the US Component Stocks portion of the index or portfolio (excluding such Derivative Securities Products) each shall have a minimum market value of at least \$75 million.

<sup>9</sup> As defined in Commentary .02 to NYSE Arca Equities Rule 5.2(j)(3), Fixed Income Securities are debt securities that are notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, U.S. Department of Treasury securities ("Treasury Securities"), government-sponsored entity securities ("GSE

index or portfolio must consist of Fixed Income Securities. The Exchange proposes to amend Commentary .02(a)(1) to provide that the index or portfolio may also include cash. In addition, the percentage weighting criteria in Commentary .02(a)(2), (a)(4) and (a)(6) each would be amended to make clear that such criteria would be applied only to the Fixed Income Securities portion of an index or portfolio. For example, in applying the criteria in proposed Commentary .01(a)(2),<sup>10</sup> if 90% of the weight of an index or portfolio consists of Fixed Income Securities and 10% of the index weight is cash, the requirement that Fixed Income Securities accounting for at least 75% of the weight of the index or portfolio have a minimum original principal amount outstanding of \$100 million would be applied only to the 90% portion consisting of Fixed Income Securities.

The Exchange notes that the Commission has previously approved Exchange rules allowing portfolios held by issues of Managed Fund Shares (actively-managed exchange-traded funds) under Commentary .01 to NYSE Arca Equities Rule 8.600 to include cash.<sup>11</sup> Like the provision in Commentary .01(c) to Rule 8.600, which states that there is no limit to cash holdings by an issue of Managed Fund Shares listed under Commentary .01 to Rule 8.600, there is no proposed limit to the weighting of cash in an index underlying a series of Units. The Exchange believes this is appropriate in that cash does not, in itself, impose investment or market risk.

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Securities"), municipal securities, trust preferred securities, supranational debt and debt of a foreign country or a subdivision thereof.

<sup>10</sup> Proposed Commentary .01(a)(2) would provide that Fixed Income Security components that in aggregate account for at least 75% of the Fixed Income Securities portion of the weight of the index or portfolio each shall have a minimum original principal amount outstanding of \$100 million or more.

<sup>11</sup> See Commentary .01(c) to NYSE Arca Equities Rule 8.600.

The Exchange believes the proposed amendments, by permitting inclusion of cash as a component of indexes underlying series of Units, would provide issuers of Units with additional choice in indexes permitted to underlie Units that are permitted to list and trade on the Exchange pursuant to the Rule 19b-4(e), which would enhance competition among market participants, to the benefit of investors and the marketplace. In addition, the proposed amendments would provide investors with greater ability to hold Units based on underlying indexes that may accord more closely with an investor's assessment of market risk, in that some investors may view cash as a desirable component of an underlying index under certain market conditions.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>12</sup> in general, and furthers the objectives of Sections 6(b)(5) of the Act,<sup>13</sup> in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to, and perfect the mechanisms of, a free and open market and a national market system and, in general, to protect investors and the public interest and because it is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange has in place surveillance procedures that are adequate to properly monitor trading in Units in all trading sessions and to deter and detect violations of

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<sup>12</sup> 15 U.S.C. 78f(b).

<sup>13</sup> 15 U.S.C. 78f(b)(5).

Exchange rules and applicable federal securities laws.

The Exchange notes that, as described above, the percentage weighting criteria in Commentary .01(a)(B)(1) through (4) to Rule 5.2(j)(3) each would be amended to make clear that such criteria would be applied only to the US and Non-US Component Stocks portions of an index or portfolio. The percentage weighting criteria in Commentary .02(a)(2), (a)(4) and (a)(6) to Rule 5.2(j)(3) each would be amended to make clear that such criteria would be applied only to the Fixed Income Securities portion of an index or portfolio. Such applications of the proposed amendments would assure that the weighting requirements in Commentary .01 and Commentary .02 would continue to be applied only to securities in an index or portfolio, and would not be diluted as a result of inclusion of a cash component. In addition, the addition of cash as a permitted component of indexes underlying Units listed and traded on the Exchange pursuant to Rule 19b-4(e) does not raise regulatory issues because cash does not, in itself, impose investment or market risk and is not susceptible to manipulation.

The Exchange believes the proposed amendments, by permitting inclusion of cash as a component of indexes underlying series of Units, would provide issuers of Units with additional choice in indexes permitted to underlie Units that are permitted to list and trade on the Exchange pursuant to the Rule 19b-4(e), which would enhance competition among market participants, to the benefit of investors and the marketplace. In addition, the proposed amendments would provide investors with greater ability to hold Units based on underlying indexes that may accord more closely with an investor's assessment of market risk.

B. Self-Regulatory Organization's Statement on Burden on Competition

In accordance with Section 6(b)(8) of the Act,<sup>14</sup> the Exchange believes that the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change would permit Exchange listing and trading under Rule 19b-4(e) of Units based on indexes that include cash as a component, which would 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.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

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<sup>14</sup> 15 U.S.C. 78f(b)(8).

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEARCA-2017-30 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-NYSEARCA-2017-30. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEARCA-2017-30 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.<sup>15</sup>

Robert W. Errett  
Deputy Secretary

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<sup>15</sup> 17 CFR 200.30-3(a)(12).

Additions underscored

Deletions [bracketed]

***Bold italics*** indicate changes from Exhibit 5 to SR-NYSEArca-2017-30

Rules of NYSE Arca Equities, Inc.

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Rule 5.2(j)(3). Investment Company Units

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*Commentary:*

.01 Equity. The Corporation may approve a series of Units for listing and/or trading (including pursuant to unlisted trading privileges) pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934. Units listed pursuant to Rule 19b-4(e) shall satisfy the criteria set forth in (a)(A), (B) or (C) and (b), (c) and (f) through (h) below on an initial and continued listing basis, provided further, that the Corporation may not so approve a series of Units that are issued by an open-end management investment company that seeks to provide investment results, before fees and expenses, in an amount that exceeds -300% of the percentage performance on a given day of a particular domestic equity, international or global equity securities index.

(a) *Eligibility Criteria for Index Components.*

(A) US index or portfolio. Components of an index or portfolio of (a) only US Component Stocks or (b) US Component Stocks and cash underlying a series of Units listed pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 shall meet the following criteria on an initial and continued listing basis:

- (1) Component stocks (excluding Units and securities defined in Section 2 of Rule 8, collectively, "Derivative Securities Products") that in the aggregate account for at least 90% of the weight of the US Component Stocks portion of the index or portfolio (excluding such Derivative Securities Products) each shall have a minimum market value of at least \$75 million;
- (2) Component stocks (excluding Derivative Securities Products) that in the aggregate account for at least 70% of the US Component Stocks portion of the weight of the index or portfolio (excluding such Derivative Securities Products) each shall have a minimum monthly trading volume of 250,000

shares, or minimum notional volume traded per month of \$25,000,000, averaged over the last six months;

- (3) The most heavily weighted component stock (excluding Derivative Securities Products) shall not exceed 30% of the US Component Stocks portion of the weight of the index or portfolio, and, to the extent applicable, the five most heavily weighted component stocks (excluding Derivative Securities Products) shall not exceed 65% of the US Component Stocks portion of the weight of the index or portfolio;
  - (4) The index or portfolio shall include a minimum of 13 component stocks; provided, however, that there shall be no minimum number of component stocks if (a) one or more series of Units or Portfolio Depositary Receipts constitute, at least in part, components underlying a series of Units, or (b) one or more series of Derivative Securities Products account for 100% of the US Component Stocks portion of the weight of the index or portfolio; and
  - (5) All securities in the index or portfolio shall be US Component Stocks listed on a national securities exchange and shall be NMS Stocks as defined in Rule 600 of Regulation NMS under the Securities Exchange Act of 1934.
- (B) International or global index or portfolio. Components of an index or portfolio underlying a series of Units listed pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 that consist of [either] (a) only Non-US Component Stocks [or], (b) [both US Component Stocks and] Non-US Component Stocks and cash, (c) both US Component Stocks and Non-US Component Stocks, or (d) US Component Stocks, Non-US Component Stocks and cash shall meet the following criteria on an initial and continued listing basis:
- (1) Component stocks (excluding Derivative Securities Products) that in the aggregate account for at least 90% of the weight of the [combined] US and Non-US Component Stocks portions of the index or portfolio (excluding such Derivative Securities Products) ***each*** shall have a minimum market value of at least \$100 million;
  - (2) Component stocks (excluding Derivative Securities Products) that in the aggregate account for at least 70% of the [combined] US and Non-US Component Stocks portions of the weight of the index or portfolio (excluding such Derivative Securities Products) ***each*** shall have a minimum global monthly trading volume of 250,000 shares, or minimum global notional volume traded per month of \$25,000,000, averaged over the last six months;
  - (3) The most heavily weighted component stock (excluding Derivative Securities Products) shall not exceed 25% of the combined US and Non-US Component Stocks portions of the weight of the index or portfolio, and, to the extent applicable, the five most heavily weighted component stocks (excluding

Derivative Securities Products) shall not exceed 60% of the combined US and Non-US Component Stocks portions of the weight of the index or portfolio;

- (4) The index or portfolio shall include a minimum of 20 component stocks; provided, however, that there shall be no minimum number of component stocks if (a) one or more series of Units or Portfolio Depository Receipts constitute, at least in part, components underlying a series of Units, or (b) one or more series of Derivative Securities Products account for 100% of the weight of the combined US and Non-US Component Stocks portions of the index or portfolio; and

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.02 Fixed Income. Fixed Income Securities are debt securities that are notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, U.S. Department of Treasury securities ("Treasury Securities"), government-sponsored entity securities ("GSE Securities"), municipal securities, trust preferred securities, supranational debt and debt of a foreign country or a subdivision thereof. The Corporation may approve a series of Units based on Fixed Income Securities for listing and pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 provided such portfolio or index (i) has been reviewed and approved for the trading of options, Units, Portfolio Depository Receipts, Index-Linked Exchangeable Notes or Index-Linked Securities by the Commission under Section 19(b) of the Securities Exchange Act of 1934 and rules thereunder and the conditions set forth in the Commission's approval order, continue to be satisfied or (ii) satisfy the following criteria, and provided further, that the Corporation may not so approve a series of Units that are issued by an open-end management investment company that seeks to provide investment results, before fees and expenses, in an amount that exceeds -300% of the percentage performance on a given day of a particular Fixed Income Securities index. Units listed pursuant to Rule 19b-4(e) shall satisfy the criteria set forth in (a) through (c), (f) and (g) below on an initial and continued listing basis.

- (a) *Eligibility Criteria for Index Components.* Components of an index or portfolio underlying a series of Units listed pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 shall meet the following criteria on an initial and continued listing basis:

- (1) The index or portfolio must consist of (a) only Fixed Income Securities or (b) Fixed Income Securities and cash;

- (2) Fixed Income Security [C] components that in aggregate account for at least 75% of the Fixed Income Securities portion of the weight of the index or portfolio each shall have a minimum original principal amount outstanding of \$100 million or more;
- (3) A component may be a convertible security, however, once the convertible security component converts to the underlying equity security, the component is removed from the index or portfolio;
- (4) No component fixed-income security (excluding Treasury Securities and GSE Securities) shall represent more than 30% of the Fixed Income Securities portion of the weight of the index or portfolio, and the five most heavily weighted component fixed-income securities in the index or portfolio shall not in the aggregate account for more than 65% of the Fixed Income Securities portion of the weight of the index or portfolio;
- (5) An underlying index or portfolio (excluding one consisting entirely of exempted securities) must include a minimum of 13 non-affiliated issuers; and
- (6) Component securities that in aggregate account for at least 90% of the Fixed Income Securities portion of the weight of the index or portfolio must be either a) from issuers that are required to file reports pursuant to Sections 13 and 15(d) of the Securities Exchange Act of 1934; 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 Securities Exchange Act of 1934; or e) from issuers that are a government of a foreign country or a political subdivision of a foreign country.

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Additions underscored

Deletions [bracketed]

Rules of NYSE Arca Equities, Inc.

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Rule 5.2(j)(3). Investment Company Units

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*Commentary:*

.01 Equity. The Corporation may approve a series of Units for listing and/or trading (including pursuant to unlisted trading privileges) pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934. Units listed pursuant to Rule 19b-4(e) shall satisfy the criteria set forth in (a)(A), (B) or (C) and (b), (c) and (f) through (h) below on an initial and continued listing basis, provided further, that the Corporation may not so approve a series of Units that are issued by an open-end management investment company that seeks to provide investment results, before fees and expenses, in an amount that exceeds -300% of the percentage performance on a given day of a particular domestic equity, international or global equity securities index.

(a) *Eligibility Criteria for Index Components.*

(A) US index or portfolio. Components of an index or portfolio of (a) only US Component Stocks or (b) US Component Stocks and cash underlying a series of Units listed pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 shall meet the following criteria on an initial and continued listing basis:

- (1) Component stocks (excluding Units and securities defined in Section 2 of Rule 8, collectively, "Derivative Securities Products") that in the aggregate account for at least 90% of the weight of the US Component Stocks portion of the index or portfolio (excluding such Derivative Securities Products) each shall have a minimum market value of at least \$75 million;
- (2) Component stocks (excluding Derivative Securities Products) that in the aggregate account for at least 70% of the US Component Stocks portion of the weight of the index or portfolio (excluding such Derivative Securities Products) each shall have a minimum monthly trading volume of 250,000

shares, or minimum notional volume traded per month of \$25,000,000, averaged over the last six months;

- (3) The most heavily weighted component stock (excluding Derivative Securities Products) shall not exceed 30% of the US Component Stocks portion of the weight of the index or portfolio, and, to the extent applicable, the five most heavily weighted component stocks (excluding Derivative Securities Products) shall not exceed 65% of the US Component Stocks portion of the weight of the index or portfolio;
  - (4) The index or portfolio shall include a minimum of 13 component stocks; provided, however, that there shall be no minimum number of component stocks if (a) one or more series of Units or Portfolio Depositary Receipts constitute, at least in part, components underlying a series of Units, or (b) one or more series of Derivative Securities Products account for 100% of the US Component Stocks portion of the weight of the index or portfolio; and
  - (5) All securities in the index or portfolio shall be US Component Stocks listed on a national securities exchange and shall be NMS Stocks as defined in Rule 600 of Regulation NMS under the Securities Exchange Act of 1934.
- (B) International or global index or portfolio. Components of an index or portfolio underlying a series of Units listed pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 that consist of [either] (a) only Non-US Component Stocks [or], (b) [both US Component Stocks and] Non-US Component Stocks and cash, (c) both US Component Stocks and Non-US Component Stocks, or (d) US Component Stocks, Non-US Component Stocks and cash shall meet the following criteria on an initial and continued listing basis:
- (1) Component stocks (excluding Derivative Securities Products) that in the aggregate account for at least 90% of the weight of the US and Non-US Component Stocks portions of the index or portfolio (excluding such Derivative Securities Products) each shall have a minimum market value of at least \$100 million;
  - (2) Component stocks (excluding Derivative Securities Products) that in the aggregate account for at least 70% of the US and Non-US Component Stocks portions of the weight of the index or portfolio (excluding such Derivative Securities Products) each shall have a minimum global monthly trading volume of 250,000 shares, or minimum global notional volume traded per month of \$25,000,000, averaged over the last six months;
  - (3) The most heavily weighted component stock (excluding Derivative Securities Products) shall not exceed 25% of the combined US and Non-US Component Stocks portions of the weight of the index or portfolio, and, to the extent applicable, the five most heavily weighted component stocks (excluding

Derivative Securities Products) shall not exceed 60% of the combined US and Non-US Component Stocks portions of the weight of the index or portfolio;

- (4) The index or portfolio shall include a minimum of 20 component stocks; provided, however, that there shall be no minimum number of component stocks if (a) one or more series of Units or Portfolio Depository Receipts constitute, at least in part, components underlying a series of Units, or (b) one or more series of Derivative Securities Products account for 100% of the weight of the combined US and Non-US Component Stocks portions of the index or portfolio; and

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.02 Fixed Income. Fixed Income Securities are debt securities that are notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, U.S. Department of Treasury securities ("Treasury Securities"), government-sponsored entity securities ("GSE Securities"), municipal securities, trust preferred securities, supranational debt and debt of a foreign country or a subdivision thereof. The Corporation may approve a series of Units based on Fixed Income Securities for listing and pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 provided such portfolio or index (i) has been reviewed and approved for the trading of options, Units, Portfolio Depository Receipts, Index-Linked Exchangeable Notes or Index-Linked Securities by the Commission under Section 19(b) of the Securities Exchange Act of 1934 and rules thereunder and the conditions set forth in the Commission's approval order, continue to be satisfied or (ii) satisfy the following criteria, and provided further, that the Corporation may not so approve a series of Units that are issued by an open-end management investment company that seeks to provide investment results, before fees and expenses, in an amount that exceeds -300% of the percentage performance on a given day of a particular Fixed Income Securities index. Units listed pursuant to Rule 19b-4(e) shall satisfy the criteria set forth in (a) through (c), (f) and (g) below on an initial and continued listing basis.

- (a) *Eligibility Criteria for Index Components.* Components of an index or portfolio underlying a series of Units listed pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 shall meet the following criteria on an initial and continued listing basis:

- (1) The index or portfolio must consist of (a) only Fixed Income Securities or (b) Fixed Income Securities and cash;

- (2) Fixed Income Security [C] components that in aggregate account for at least 75% of the Fixed Income Securities portion of the weight of the index or portfolio each shall have a minimum original principal amount outstanding of \$100 million or more;
- (3) A component may be a convertible security, however, once the convertible security component converts to the underlying equity security, the component is removed from the index or portfolio;
- (4) No component fixed-income security (excluding Treasury Securities and GSE Securities) shall represent more than 30% of the Fixed Income Securities portion of the weight of the index or portfolio, and the five most heavily weighted component fixed-income securities in the index or portfolio shall not in the aggregate account for more than 65% of the Fixed Income Securities portion of the weight of the index or portfolio;
- (5) An underlying index or portfolio (excluding one consisting entirely of exempted securities) must include a minimum of 13 non-affiliated issuers; and
- (6) Component securities that in aggregate account for at least 90% of the Fixed Income Securities portion of the weight of the index or portfolio must be either a) from issuers that are required to file reports pursuant to Sections 13 and 15(d) of the Securities Exchange Act of 1934; 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 Securities Exchange Act of 1934; or e) from issuers that are a government of a foreign country or a political subdivision of a foreign country.

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