



**Martha Redding**  
Associate General Counsel  
Assistant Secretary

New York Stock Exchange

January 26, 2018

**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. 34-81944 (SR-NYSEArca-2017-99)

Dear Mr. Fields:

NYSE Arca, Inc. filed the attached Amendment No. 3 to the above-referenced filing on January 26, 2018.

Sincerely,

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

(Encl. Amendment No. 3 to SR-NYSEArca-2017-99)

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="51"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2017"/> - * <input type="text" value="99"/> Amendment No. (req. for Amendments *) <input type="text" value="3"/>
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Filing by NYSE Arca, Inc.  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input type="checkbox"/>	Amendment * <input checked="" type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/> Extension of Time Period for Commission Action * <input type="checkbox"/> Date Expires * <input type="text"/>			Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <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 Section 806(e)(1) * <input type="checkbox"/> Section 806(e)(2) * <input type="checkbox"/>	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>
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Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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**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 \*     Last Name \*   
 Title \*   
 E-mail \*   
 Telephone \*     Fax

**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     Assistant Secretary

By    

(Name \*)

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.

Martha Redding,

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 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) proposes to list and trade shares of the Hartford Schroders Tax-Aware Bond ETF under NYSE Arca Rule 8.600-E (“Managed Fund Shares”).

This Amendment No. 3 to SR-NYSEArca-2017-99 replaces SR-NYSEArca-2017-99 as originally filed and Amendments 1 and 2 thereto and supersedes such filings in their entirety.

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

- (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.  
[REDACTED]

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

- (a) Purpose

The Exchange proposes to list and trade shares (“Shares”) of the Hartford

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

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

Schroders Tax-Aware Bond ETF (“Fund”) under NYSE Arca Rule 8.600-E, which governs the listing and trading of Managed Fund Shares.<sup>3</sup> The Shares will be offered by the Hartford Funds Exchange-Traded Trust (the “Trust”), which is registered with the Commission as an open-end management investment company.<sup>4</sup> The Fund is a series of the Trust.

Hartford Funds Management Company, LLC (“HFMC” or “Manager”) will be the investment manager to the Fund. ALPS Distributors, Inc. (“ALPS” or the “Distributor”) will be the principal underwriter to the Fund. HFMC is an indirect subsidiary of The Hartford Financial Services Group, Inc. Schroder Investment Management North America Inc. (“Sub-Adviser”) will be the sub-adviser to the Fund and performs the daily investment of the assets for the Fund. State Street Bank and Trust Company will serve as transfer agent (“Transfer Agent”) and custodian for the Fund.

Commentary .06 to Rule 8.600-E provides that, if the investment adviser to the investment company issuing Managed Fund Shares is affiliated with a broker-dealer, such investment adviser shall erect and maintain a “fire wall” between the investment adviser and the broker-dealer with respect to access to information concerning the composition and/or changes to such investment company portfolio.<sup>5</sup> In addition, Commentary .06 further requires that personnel who make

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<sup>3</sup> A Managed Fund Share is a security that represents an interest in an investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1) (“1940 Act”) organized as an open-end investment company or similar entity that invests in a portfolio of securities selected by its investment adviser consistent with its investment objectives and policies. In contrast, an open-end investment company that issues Investment Company Units, listed and traded on the Exchange under NYSE Arca Rule 5.2-E(j)(3), seeks to provide investment results that correspond generally to the price and yield performance of a specific foreign or domestic stock index, fixed income securities index or combination thereof.

<sup>4</sup> The Trust is registered under the 1940 Act. On June 26, 2017, the Trust filed with the Commission its registration statement on Form N-1A under the Securities Act of 1933 (15 U.S.C. 77a), and under the 1940 Act relating to the Fund (File Nos. 333-215165 and 811-23222) (“Registration Statement”). The description of the operation of the Trust and the Fund herein is based, in part, on the Registration Statement. In addition, the Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act. See Investment Company Act Release No. 32454 (January 27, 2017) (File No. 812-13828-01) (“Exemptive Order”).

<sup>5</sup> An investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 (the “Advisers Act”). As a result, the Manager and Sub-Adviser and their related personnel are subject to the provisions of Rule

decisions on the open-end fund's portfolio composition must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the open-end fund's portfolio. Neither the Manager nor Sub-Adviser is registered as a broker-dealer but each is affiliated with a broker-dealer. The Manager and Sub-Adviser each has implemented and will maintain a "fire wall" with respect to such broker-dealer affiliate regarding access to information concerning the composition of and/or changes to the Fund's portfolio. In addition, personnel who make decisions on the Fund's portfolio composition must be subject to procedures designed to prevent the use and dissemination of material, non-public information regarding the Fund's portfolio. In the event (a) the Manager or Sub-Adviser becomes registered as a broker-dealer or newly affiliated with a broker-dealer, or (b) any new adviser or sub-adviser to the Fund is a registered broker-dealer or becomes affiliated with a broker-dealer, the applicable adviser or sub-adviser will implement and maintain a fire wall with respect to its relevant personnel or broker-dealer affiliate regarding access to information concerning the composition and/or changes to the Fund's portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio.

#### Hartford Schroders Tax-Aware Bond ETF

##### Principal Investments

According to the Registration Statement, the Fund will seek total return on an after-tax basis. The Fund will seek to achieve its investment objective by investing in a diversified portfolio of fixed income debt instruments of varying maturities. Under normal market conditions,<sup>6</sup> the Fund will invest principally (that

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204A-1 under the Advisers Act relating to codes of ethics. This Rule requires investment advisers to adopt a code of ethics that reflects the fiduciary nature of the relationship to clients as well as compliance with other applicable securities laws. Accordingly, procedures designed to prevent the communication and misuse of non-public information by an investment adviser must be consistent with Rule 204A-1 under the Advisers Act. In addition, Rule 206(4)-7 under the Advisers Act makes it unlawful for an investment adviser to provide investment advice to clients unless such investment adviser has (i) adopted and implemented written policies and procedures reasonably designed to prevent violation, by the investment adviser and its supervised persons, of the Advisers Act and the Commission rules adopted thereunder; (ii) implemented, at a minimum, an annual review regarding the adequacy of the policies and procedures established pursuant to subparagraph (i) above and the effectiveness of their implementation; and (iii) designated an individual (who is a supervised person) responsible for administering the policies and procedures adopted under subparagraph (i) above.

<sup>6</sup> The term "normal market conditions" is defined in NYSE Arca Rule 8.600-E(c)(5).

is, more than 50% of its assets) in the U.S. dollar-denominated, fixed income debt instruments, described below, cash and cash equivalents.<sup>7</sup>

The fixed income debt instruments in which the Fund may invest as part of its principal investment strategy are securities issued or guaranteed by the U.S. government and its agencies, government-sponsored enterprise securities, corporate bonds, agency mortgage-backed securities (including “to be announced” or “TBA” transactions), agency asset-backed securities (“ABS”), “Municipal Securities” (as described below), sovereign debt and debt securities issued by supranational organizations. They may pay fixed, variable, or floating interest rates.

According to the Registration Statement, in seeking to achieve the Fund’s investment objective, the Sub-Adviser will employ a tax-aware investing strategy that attempts to realize total return for shareholders, primarily in the form of current income and price appreciation, by balancing investment considerations and tax considerations.

According to the Registration Statement, the Fund may invest in the following Municipal Securities: general obligation bonds; revenue (or limited obligation) bonds; private activity (or industrial development) bonds; bonds that are collateralized with agency and/or treasury securities, municipal notes; municipal lease obligations; and municipal inverse floaters.<sup>8</sup> The Fund’s investments in Municipal Securities will be diversified among issuers in at least 10 states and U.S. territories. The Fund may invest up to 40% of the Fund’s total assets in Municipal Securities of issuers in each of California, New York and Texas. The Fund will limit its investments in Municipal Securities of any one state (except California, New York and Texas) or U.S. territory to 25% of the Fund’s total assets.

#### Other Investments

While the Fund, under normal market conditions, will invest principally in the securities and financial instruments described above, the Fund may invest its remaining assets in the securities and financial instruments described below.

The Fund may invest in U.S. and foreign non-agency ABS, which are securities backed by a pool of some underlying asset, including but not limited to home

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<sup>7</sup> For purposes of this filing, cash equivalents are the short-term instruments enumerated in Commentary .01(c) to Rule 8.600-E.

<sup>8</sup> Inverse floaters are bonds or other types of debt instruments whose coupon rate has an inverse relationship to a benchmark rate. For municipal inverse floaters, the underlying bond is a municipal bond.

equity loans, installment sale contracts, credit card receivables or other assets.

The Fund may invest in U.S. and foreign non-agency mortgage-related securities. Mortgage-related securities may be composed of one or more classes and may be structured either as pass-through securities or collateralized debt obligations (which include collateralized bond obligations and collateralized loan obligations).

The Fund may invest in U.S. exchange-traded closed-end funds and exchange-traded funds (“ETFs”).<sup>9</sup>

The Fund may engage actively in transactions in derivatives (futures, options, swaps and forward rate agreements), as described below. The Fund will normally use derivatives to supplement the effective management of its duration profile, to gain exposure to particular securities or markets, in connection with hedging transactions, or for purposes of efficient portfolio management, including managing cash flows or as part of the Fund’s risk management process.

The Fund may invest in U.S and foreign exchange-traded and over-the counter (“OTC”) put and call options. The Fund may engage in options transactions on any security, index or instrument in which it may invest.

The Fund may invest in U.S and foreign exchange-traded and OTC currency options.

The Fund may invest in U.S. and foreign exchange-traded futures contracts and options on futures contracts with respect to equity and debt securities, foreign currencies, aggregates of equity and debt securities (aggregates are composites of equity or debt securities that are not tied to a commonly known index), interest rates, indices, commodities and other financial instruments.

The Fund may enter into the following U.S exchange-traded, foreign exchange-traded and OTC swaps: commodity swaps; total return swaps; currency swaps; credit default swaps (“CDS”); CDS index swaps (“CDX”); asset swaps; inflation swaps; event-linked swaps; interest rate swaps; swaps on specific securities or indices; and swaps on rates (such as mortgage prepayment rates). The Fund may invest in U.S. exchange-traded and OTC municipal derivatives (i.e., municipal credit default swaps, municipal market data derivatives, rate locks, caps, collars,

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<sup>9</sup> For purposes of this filing, ETFs include Investment Company Units (as described in NYSE Arca Rule 5.2-E (j)(3)); Portfolio Depositary Receipts (as described in NYSE Arca Rule 8.100-E); and Managed Fund Shares (as described in NYSE Arca Rule 8.600-E). The ETFs all will be listed and traded in the U.S. on registered exchanges. The Fund will not invest in inverse or leveraged (e.g., +2x, -2X) index ETFs.

and floors). The Fund may also enter into options on swap agreements (“swaptions”).<sup>10</sup>

The Fund may enter into forward rate agreements.

The Fund may invest in inflation-protected debt securities.

With respect to any of the Fund’s investments, the Fund may invest in when-issued and delayed delivery securities and forward commitments.

The Fund may hold fixed income restricted securities, which are securities that cannot be offered for public resale unless registered under the applicable securities laws or that have a contractual restriction that prohibits or limits their resale. Restricted securities include private placement securities that have not been registered under the applicable securities laws, such as Rule 144A securities, and securities of U.S. and non-U.S. issuers that are issued pursuant to Regulation S.

#### Creation and Redemption of Shares

According to the Registration Statement, the Trust will issue and sell Shares of the Fund only in Creation Units at the net asset value (“NAV”) next determined after receipt of an order in proper form on any day the NYSE Arca is open (a “Business Day”). The number of Shares of the Fund that will constitute a Creation Unit is 50,000. The size of a Creation Unit is subject to change.

#### Creation of Shares

The consideration for purchase of Creation Units will generally consist of “Deposit Securities” and the “Cash Component”, which will generally correspond pro rata, to the extent practicable, to the Fund’s securities, or, as permitted or required by the Fund, of cash. Together, the Deposit Securities and Cash Component constitute the “Fund Deposit,” which represents the minimum initial and subsequent investment amount for a Creation Unit of the Fund. Creation Units of Shares of the Fund may be issued partially for cash.

The Transfer Agent, through the National Securities Clearing Corporation (“NSCC”), will make available on each Business Day, prior to the Core Trading Session (subject to amendments) on the Exchange (currently 9:30 a.m., Eastern time (“E.T.”)), the identity and the required number of each Deposit Security and the amount of the Cash Component to be included in the current Fund Deposit (based on information at the end of the previous Business Day).

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<sup>10</sup> Options on swaps are traded OTC. In the event that there are exchange-traded options on swaps, the Fund may invest in these instruments.

To be eligible to place orders with the Distributor and to create a Creation Unit of the Fund, an entity must be: (i) a “Participating Party,” *i.e.* a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of the NSCC (the “Clearing Process”); or (ii) a participant of Depository Trust Company (“DTC”) (“DTC Participant”) and must have executed an agreement with the Distributor (and accepted by the Transfer Agent), with respect to creations and redemptions of Creation Units (“Participant Agreement”) (discussed below). A Participating Party or DTC Participant who has executed a Participant Agreement is referred to as an “Authorized Participant.”

Except as described below, and in all cases subject to the terms of the applicable Participant Agreement, all orders to create Creation Units of the Fund must be received by the Transfer Agent no later than 1:00 p.m., E.T. on the date such order is placed for creation of Creation Units to be effected based on the NAV of Shares of the Fund as next determined after receipt of an order in proper form.<sup>11</sup> Orders requesting substitution of a “cash-in-lieu” amount or a cash creation, must be received by the Transfer Agent no later than 1:00 p.m., E.T.<sup>12</sup> The date on which an order to create Creation Units (or an order to redeem Creation Units, as discussed below) is placed is referred to as the “Transmittal Date”.

Fund Deposits created through the Clearing Process, if available, must be delivered through a Participating Party that has executed a Participant Agreement. The Participant Agreement authorizes the Transfer Agent to transmit to NSCC on behalf of the Participating Party such trade instructions as are necessary to effect

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<sup>11</sup> The Manager represents that it believes that the designated time by which an order to create or redeem must be received by the Transfer Agent (1:00 p.m., E.T.) will not have a material impact on an Authorized Participant’s arbitrage opportunities with respect to the Fund. The designated cut-off time will have no impact on the primary arbitrage mechanism applicable to the Fund, which is the ability to trade the futures contracts and other derivative instruments that are used by an Authorized Participant for hedging the Fund’s principal investments throughout the U.S. trading day. Futures trade on U.S. markets during the Core Trading Session. Price information regarding other derivative instruments in which the Fund may invest also will be available during the Core Trading Session. In addition, the securities that comprise the Fund’s Creation Baskets can be purchased at any time prior to the determination of the Fund’s NAV at the end of the day. This should allow Authorized Participants to properly price and hedge their exposure to trading in the Fund’s Shares during the Core Trading Session (9:30 a.m.-4:00 p.m., E.T.).

<sup>12</sup> The Manager represents that, to the extent the Trust effects the creation or redemption of Shares wholly or partially in cash, such transactions will be effected in the same manner for all Authorized Participants.

the Participating Party's creation order. Pursuant to such trade instructions from the Transfer Agent to NSCC, the Participating Party agrees to transfer the requisite Deposit Securities (or contracts to purchase such Deposit Securities that are expected to be delivered in a "regular way" manner by the second Business Day) and the Cash Component to the Trust, together with such additional information as may be required by the Transfer Agent and the Distributor as set forth in the Participant Agreement. An order to create Creation Units of the Fund through the Clearing Process is deemed received by the Transfer Agent on the Transmittal Date if (i) such order is received by the Transfer Agent not later than the "Order Cutoff Time" (i.e., 1:00 p.m., E.T.) on such Transmittal Date and (ii) all other procedures set forth in the Participant Agreement are properly followed.

Fund Deposits created outside the Clearing Process must be delivered through a DTC Participant that has executed a Participant Agreement.

#### Redemption of Shares

Shares may be redeemed only in Creation Units at their NAV next determined after receipt of a redemption request in proper form on a Business Day and only through a Participating Party or DTC Participant who has executed a Participant Agreement.

With respect to the Fund, the Transfer Agent, through the NSCC, makes available immediately prior to the opening of business on the Exchange (currently 9:30 a.m., E.T.) on each Business Day, the identity of the Fund's securities and/or an amount of cash that will be applicable (subject to possible amendment or correction) to redemption requests received in proper form (as described below) on that day. The Fund's securities received on redemption will generally correspond pro rata, to the extent practicable, to the Fund's securities. The Fund's securities received on redemption ("Fund Securities") may not be identical to Deposit Securities that are applicable to creations of Creation Units.

Unless cash only redemptions are available or specified for the Fund, the redemption proceeds for a Creation Unit will generally consist of Fund Securities – as announced on the Business Day of the request for a redemption order received in proper form – plus cash in an amount equal to the difference between the NAV of the Shares being redeemed, as next determined after a receipt of a request in proper form, and the value of the Fund Securities, less the redemption transaction fee and variable fees described below. Notwithstanding the foregoing, the Trust will substitute a "cash-in-lieu" amount to replace any Fund Security that is a non-deliverable instrument.

Orders to redeem Creation Units of the Fund through the Clearing Process, if available, must be delivered through a Participating Party that has executed the Participant Agreement. An order to redeem Creation Units of the Fund through the Clearing Process will be deemed received by the Transfer Agent on the

Transmittal Date if such order is received by the Transfer Agent not later than 1:00 p.m. E.T. on such Transmittal Date and other applicable procedures are properly followed.

Orders to redeem Creation Units of the Fund outside the Clearing Process must be delivered through a DTC Participant that has executed the Participant Agreement. An order to redeem Creation Units of the Fund outside the Clearing Process will be deemed received by the Transfer Agent on the Transmittal Date if such order is received by the Transfer Agent not later than 1:00 p.m. E.T. on such Transmittal Date and other applicable procedures are properly followed.

#### Availability of Information

The Fund will disclose on the Fund's website ([www.hartfordfunds.com](http://www.hartfordfunds.com)) at the start of each day the NYSE Arca is open (a "Business Day"), before commencement of trading in the Shares on the Exchange the identities and quantities of the securities and other assets held by the Fund that will form the basis of the Fund's calculation of its NAV on that Business Day. The portfolio holdings so disclosed will be based on information as of the close of business on the prior Business Day and/or trades that have been completed prior to the opening of business on that Business Day and that are expected to settle on the Business Day.

The website for the Fund will contain the following information, on a per-Share basis, for the Fund: (1) daily trading volume, the prior Business Day's reported closing price, NAV and midpoint of the bid/ask spread at the time of calculation of such NAV (the "Bid-Ask Price"); (2) a calculation of the premium or discount of the Bid-Ask Price against such NAV; and (3) data in chart format displaying the frequency distribution of discounts and premiums of the Bid-Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters (or for the life of the Fund if, shorter).

On a daily basis, the Fund will disclose the information required under NYSE Arca Rule 8.600-E (c)(2) to the extent applicable. The Fund's prospectus and Statement of Additional Information ("SAI") will be available on the Fund's website. The website information will be publicly available at no charge.

Investors can also obtain the Fund's SAI, shareholder reports, Form N-CSR and Form N-SAR, filed twice a year. The Fund's SAI and shareholder reports will be available free upon request from the Trust, and those documents and the Form N-CSR and Form N-SAR may be viewed on-screen or downloaded from the Commission's website at [www.sec.gov](http://www.sec.gov). Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services. Information regarding the previous day's closing price and trading volume

information for the Shares will be publicly available and will be published daily in the financial section of newspapers.

Quotation and last sale information for the Shares, and ETFs will be available via the Consolidated Tape Association (“CTA”) high-speed line, and from the national securities exchanges on which they are listed. U.S. exchange-traded options quotation and last sale information is available via the Options Price Reporting Authority. Foreign exchange-traded options, U.S. and foreign exchange-traded futures contracts and options on futures contracts, U.S. and foreign exchange-traded swaps (if applicable), and exchange-traded municipal derivatives information is available from the applicable U.S. or foreign exchange and major market data vendors.

Quotation information from brokers and dealers or pricing services will be available for Municipal Securities. Price information for money market funds and other investment company securities (other than ETFs) will be available from the applicable investment company’s website and from market data vendors. Pricing information regarding fixed income debt instruments, cash equivalents, OTC options, OTC swaps, swaptions, restricted securities, non-agency ABS, non-agency mortgage-related securities, forward rate agreements, OTC municipal derivatives, CDX, and inflation-protected debt securities will generally be available through nationally recognized data service providers through subscription agreements. In addition, the iNAV<sup>13</sup> (which is the Portfolio Indicative Value, as defined in NYSE Arca Rule 8.600-E(c)(3)), will be widely disseminated at least every 15 seconds during the Core Trading Session by one or more major market data vendors.<sup>14</sup> One source of price information for municipal securities is the Electronic Municipal Market Access (“EMMA”), which is administered by the Municipal Securities Rulemaking Board.

#### Investment Restrictions

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

With respect to the Fund’s investments in Municipal Securities, under normal

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<sup>13</sup> The iNAV will be based on the current market value of the securities and other assets held by the Fund that will form the basis of the Fund’s calculation of its NAV on that Business Day.

<sup>14</sup> Currently, it is the Exchange’s understanding that several major market data vendors display and/or make widely available Portfolio Indicative Values taken from CTA or other data feeds.

market conditions, except for periods of high cash inflows or outflows,<sup>15</sup> the Fund will satisfy the following criteria:

- i. The Fund will have a minimum of 20 non-affiliated issuers;
- ii. No single Municipal Securities issuer will account for more than 10% of the weight of the Fund's portfolio;<sup>16</sup>
- iii. No individual bond will account for more than 5% of the weight of the Fund's portfolio;<sup>17</sup>
- iv. The Fund will limit its investments in Municipal Securities of any one state or U.S. territory to 25% of the Fund's total assets, except that up to and including 40% of the Fund's total assets may be invested in Municipal Securities of issuers in each of California, New York and Texas;<sup>18</sup>

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<sup>15</sup> "Periods of high cash inflows or outflows" as used herein, mean rolling periods of seven calendar days during which inflows or outflows of cash, in the aggregate, exceed 10% of the Fund's net assets as of the opening of business on the first day of such periods. During such periods, the Fund may depart from its principal investment strategies; for example, it may hold a higher than normal proportion of its assets in cash.

<sup>16</sup> The Exchange notes that the Commission has approved the listing and trading of another issue of Managed Fund Shares that principally holds municipal securities for which no single issuer would account for more than 10% of the weight of the fund's portfolio. See Securities Exchange Act Release No. 79293 (November 10, 2016), 81 FR 81189 (November 17, 2016) (SR-NYSEArca-2016-107) (order approving listing and trading of shares of Cumberland Municipal Bond ETF under Rule 8.600).

<sup>17</sup> The Exchange notes that the Commission has approved the listing and trading of another issue of Managed Fund Shares that principally holds municipal securities for which no single bond would exceed 5% of the fund's portfolio. See Securities Exchange Act Release No. 80885 (June 8, 2017), 82 FR 27302 (June 14, 2017) (order approving listing and trading of shares of the IQ Municipal Insured ETF, IQ Municipal Short Duration ETF, and IQ Municipal Intermediate ETF under NYSE Arca Equities Rule 8.600).

<sup>18</sup> The Exchange notes that the Commission has approved the listing and trading of other issues of Managed Fund Shares that principally hold municipal securities for which the applicable fund's assets in municipal securities of any one state would be limited to 30% of such fund's assets. See Securities Exchange Act Release Nos. 80885 (June 8, 2017), 82 FR 27302 (June 14, 2017) (order approving listing and trading of shares of the IQ Municipal Insured ETF, IQ

- v. The Fund’s investments in Municipal Securities will be diversified among issuers in at least 10 states and U.S. territories;<sup>19</sup>
- vi. The Fund will be diversified among a minimum of five different sectors of the Municipal Securities market.<sup>20</sup>

Pre-refunded bonds will be excluded from the above limits given that they have a high level of credit quality and liquidity.<sup>21</sup>

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Municipal Short Duration ETF, and IQ Municipal Intermediate ETF under NYSE Arca Equities Rule 8.600); 79293 (November 10, 2016), 81 FR 81189 (November 17, 2016) (SR-NYSEArca-2016-107) (order approving listing and trading of shares of Cumberland Municipal Bond ETF under Rule 8.600); 78913 (September 23, 2016) (SR-Nasdaq-2016-002) (order approving listing and trading of the First Trust Municipal High Income ETF of First Trust Exchange-Traded Fund III).

- <sup>19</sup> The Exchange notes that the Commission has approved the listing and trading of another issue of Managed Fund Shares that principally holds municipal securities and for which the fund’s assets would be diversified among issuers in 10 states. See Securities Exchange Act Release No. 80865 (June 6, 2017), 82 FR 26970 (June 12, 2017) (order approving listing and trading of shares of the Franklin Liberty Intermediate Municipal Opportunities ETF and Franklin Liberty Municipal Bond ETF under NYSE Arca Equities Rule 8.600).
- <sup>20</sup> The Fund’s investments in Municipal Securities will include investments in state and local (e.g., county, city, town) Municipal Securities relating to such sectors as the following: airports; bridges and highways; hospitals; housing; jails; mass transportation; nursing homes; parks; public buildings; recreational facilities; school facilities; streets; and water and sewer works.
- <sup>21</sup> The Exchange notes that the Commission has approved the listing and trading of another issue of Managed Fund Shares that principally holds municipal securities for which pre-refunded bonds were excluded from the specified limits in the fund’s municipal bond investments. See Securities Exchange Act Release No. 80865 (June 6, 2017), 82 FR 26970 (June 12, 2017) (order approving listing and trading of shares of the Franklin Liberty Intermediate Municipal Opportunities ETF and Franklin Liberty Municipal Bond ETF under NYSE Arca Equities Rule 8.600). Pre-refunded bonds (also known as refunded or escrow-secured bonds) have a high level of credit quality and liquidity because the issuer “pre-refunds” the bond by setting aside in advance all or a portion of the amount to be paid to the bondholders when the bond is called. Generally, an issuer uses the proceeds from a new bond issue to buy high grade, interest bearing debt securities, including direct obligations of the U.S. government, which are then deposited in an irrevocable escrow account held by a trustee bank to secure all future payments of principal and interest on the pre-refunded bonds.

### Application of Generic Listing Requirements

The Exchange is submitting this proposed rule change because the portfolio for the Fund will not meet all of the “generic” listing requirements of Commentary .01 to NYSE Arca Rule 8.600-E applicable to the listing of Managed Fund Shares. The Fund’s portfolio will meet all such requirements except for those set forth in Commentary .01(b)(1), as described below.

The Exchange believes that it is appropriate and in the public interest to approve listing and trading of Shares of the Fund on the Exchange notwithstanding that the Fund would not meet the requirements of Commentary .01(b)(1) to Rule 8.600-E in that the Fund’s investments in fixed income securities, including Municipal Securities, will be well-diversified.<sup>22</sup>

The Exchange believes that permitting Fund Shares to be listed and traded on the Exchange, notwithstanding that, as a result principally of the Fund’s investments in Municipal Securities, less than 75% of the weight of the fixed income portion of the Fund’s portfolio may consist of components with \$100 million or more minimum original principal amount outstanding, would provide the Fund with greater ability to select from a broad range of fixed income securities, including Municipal Securities, as described above, that would support the Fund’s investment goal.

The Exchange believes that, notwithstanding that the Fund’s portfolio may not satisfy Commentary .01(b)(1) to Rule 8.600-E, the Fund will not be susceptible to manipulation. As noted above, with respect to the Fund’s investments in Municipal Securities, such securities will be diversified among a minimum of 20 non-affiliated issuers; no single Municipal Securities issuer will account for more than 10% of the weight of the Fund’s portfolio; no individual bond will account for more than 5% of the weight of the Fund’s portfolio; the Fund will limit its investments in Municipal Securities of any one state or U.S. territory to 25% of the Fund’s total assets, except that up to and including 40% of the Fund’s total assets may be invested in Municipal Securities of issuers in each of California, New York and Texas; and the Fund’s investments in Municipal Securities will be diversified among issuers in at least 10 states and U.S territories and will be diversified among a minimum of five different sectors of the Municipal Securities market.

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Commentary .01(b)(1) to NYSE Arca Rule 8.600-E provides that components that in the aggregate account for at least 75% of the fixed income weight of the portfolio each shall have a minimum original principal amount outstanding of \$100 million or more.

The Manager represents that the fixed income weight of the Fund’s portfolio, other than holdings in Municipal Securities with respect to Commentary .01(b)(1), will meet the generic criteria of Commentary .01(b) to Rule 8.600-E.

The Exchange notes that, other than Commentary .01(b)(1) to Rule 8.600-E, as described above, the Fund’s portfolio will meet all other requirements of Rule 8.600-E.

#### Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Fund.<sup>23</sup> Trading in Shares of the Fund will be halted if the circuit breaker parameters in NYSE Arca Rule 7.12-E have been reached. Trading also may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. Trading in the Fund’s Shares also will be subject to Rule 8.600-E(d)(2)(D) (“Trading Halts”).

#### Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange’s existing rules governing the trading of equity securities. Shares will trade on the NYSE Arca Marketplace from 4 a.m. to 8 p.m., E.T. in accordance with NYSE Arca Rule 7.34-E (Early, Core, and Late Trading Sessions). The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in NYSE Arca Rule 7.6-E, the minimum price variation (“MPV”) for quoting and entry of orders in equity securities traded on the NYSE Arca Marketplace is \$0.01, with the exception of securities that are priced less than \$1.00 for which the MPV for order entry is \$0.0001.

With the exception of the requirements of Commentary .01(b)(1) to Rule 8.600-E as described above in “Application of Generic Listing Requirements”, the Shares of the Fund will conform to the initial and continued listing criteria under NYSE Arca Rule 8.600-E. Consistent with NYSE Arca Rule 8.600-E(d)(2)(B)(ii), the Manager will implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the actual components of the Fund’s portfolio.<sup>24</sup> The Exchange represents that, for initial and continued listing, the Fund will be in compliance with Rule 10A-3<sup>25</sup>

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<sup>23</sup> See NYSE Arca Rule 7.12-E.

<sup>24</sup> The Manager will be the “Reporting Authority” for purposes of NYSE Arca Rule 8.600-E(d)(2)(B)(ii).

<sup>25</sup> 17 CFR 240.10A-3.

under the Act, as provided by NYSE Arca Rule 5.3-E. A minimum of 100,000 Shares will be outstanding at the commencement of trading on the Exchange. The Exchange will obtain a representation from the issuer of the Shares that the NAV per Share will be calculated daily and that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time. The Fund's investments will be consistent with its investment goal and will not be used to provide multiple returns of a benchmark or to produce leveraged returns.

### Surveillance

The Exchange represents that trading in the Shares will be subject to the existing trading surveillances, administered by the Financial Industry Regulatory Authority ("FINRA") on behalf of the Exchange, or by regulatory staff of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws. The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange.<sup>26</sup>

The surveillances referred to above generally focus on detecting securities trading outside their normal patterns, which could be indicative of manipulative or other violative activity. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations.

The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares, ETFs, exchange-traded closed-end funds, exchange-traded municipal derivatives, certain exchange-traded options and certain exchange-traded futures with other markets and other entities that are members of the ISG, and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in the Shares, ETFs, exchange-traded closed-end funds, exchange-traded municipal derivatives, certain exchange-traded options and certain exchange-traded futures from such markets and other entities.<sup>27</sup> In addition, the Exchange may obtain information regarding trading in the Shares, ETFs, exchange-traded closed-end funds, exchange-traded municipal derivatives, certain exchange-traded options and

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<sup>26</sup> FINRA conducts cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement.

<sup>27</sup> For a list of the current members of ISG, see [www.isgportal.org](http://www.isgportal.org). The Exchange notes that not all components of the Disclosed Portfolio may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

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

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

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

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

#### Information Bulletin

Prior to the commencement of trading, the Exchange will inform its Equity Trading Permit Holders in an Information Bulletin ("Bulletin") of the special characteristics and risks associated with trading the Shares. Specifically, the Bulletin will discuss the following: (1) the procedures for purchases and redemptions of Shares in Creation Unit aggregations (and that Shares are not individually redeemable); (2) NYSE Arca Rule 9.2-E(a), which imposes a duty of due diligence on its Equity Trading Permit Holders to learn the essential facts relating to every customer prior to trading the Shares; (3) the risks involved in trading the Shares during the Early and Late Trading Sessions when an updated iNAV will not be calculated or publicly disseminated; (4) how information regarding the iNAV and the Disclosed Portfolio is disseminated; (5) the requirement that Equity Trading Permit Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (6) trading information.

In addition, the Bulletin will reference that the Fund is subject to various fees and expenses described in the Registration Statement. The Bulletin will discuss any exemptive, no-action, and interpretive relief granted by the Commission from any

rules under the Act. The Bulletin will also disclose that the NAV for the Shares will be calculated after 4:00 p.m., E.T. each trading day.

(b) Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)<sup>28</sup> that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Rule 8.600-E. The Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws. The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares, ETFs, exchange-traded closed-end funds, exchange-traded municipal derivatives, certain exchange-traded options and certain exchange-traded futures with other markets and other entities that are members of the ISG, and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in the Shares, ETFs, exchange-traded closed-end funds, exchange-traded municipal derivatives, certain exchange-traded options and certain exchange-traded futures from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares, ETFs, exchange-traded closed-end funds, exchange-traded municipal derivatives, certain exchange-traded options and certain exchange-traded futures from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. In addition, FINRA, on behalf of the Exchange, is able to access, as needed, trade information for certain fixed income securities held by the Fund reported to TRACE. FINRA also can access data obtained from the MSRB relating to municipal bond trading activity for surveillance purposes in connection with trading in the Shares. Neither the Manager nor Sub-Adviser is registered as a broker-dealer but each is affiliated with a broker-dealer. The Manager and Sub-Adviser each has implemented a “fire wall” with respect to such broker-dealer affiliate regarding access to information concerning the composition of and/or changes to the Fund’s portfolio.

The Exchange believes that it is appropriate and in the public interest to approve listing and trading of Shares of the Fund on the Exchange notwithstanding that the

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15 U.S.C. 78f(b)(5).

Fund would not meet the requirements of Commentary .01(b)(1) to Rule 8.600-E in that the Fund's investments in Municipal Securities will be well-diversified.

The Exchange believes that permitting Fund Shares to be listed and traded on the Exchange notwithstanding that, as a result principally of the Fund's investments in Municipal Securities, less than 75% of the fixed income portion of the weight of the Fund's portfolio may consist of components with \$100 million or more minimum original principal amount outstanding would provide the Fund with greater ability to select from a broad range of Municipal Securities, as described above, that would support the Fund's investment goal.

The Exchange believes that, notwithstanding that the Fund's portfolio may not satisfy Commentary .01(b)(1) to Rule 8.600-E, the Fund's portfolio will not be susceptible to manipulation. As noted above, with respect to the Fund's investments in Municipal Securities, such securities will be diversified among a minimum of 20 non-affiliated issuers; no single Municipal Securities issuer will account for more than 10% of the weight of the Fund's portfolio; no individual bond will account for more than 5% of the weight of the Fund's portfolio; the Fund will limit its investments in Municipal Securities of any one state or U.S. territory to 25% of the Fund's total assets, except that up to and including 40% of the Fund's total assets may be invested in Municipal Securities of issuers in each of California, New York and Texas; and the Fund's investments in Municipal Securities will be diversified among issuers in at least 10 states and U.S. territories and will be diversified among a minimum of five different sectors of the Municipal Securities market.

The Manager also represents that the fixed income weight of the Fund's portfolio, other than holdings in Municipal Securities with respect to Commentary .01(b)(1), will meet the generic criteria of Commentary .01(b) to Rule 8.600-E.

The Exchange notes that, other than Commentary .01 (b)(1) to Rule 8.600-E, as described above, the Fund's portfolio will meet all other requirements of Rule 8.600-E.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that the Exchange will obtain a representation from the issuer of the Shares that the NAV per Share will be calculated daily and that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time. In addition, a large amount of information will be publicly available regarding the Fund and the Shares, thereby promoting market transparency. Quotation and last sale information for the Shares and ETFs will be available via the CTA high-speed line, and from the national securities exchanges on which they are listed. Prior to the commencement of trading, the Exchange will inform its Equity Trading Permit Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. Trading in Shares of the Fund will be halted if the circuit breaker parameters in NYSE Arca Rule 7.12-E have been reached or

because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. Trading in the Shares will be subject to NYSE Arca Rule 8.600-E(d)(2)(D), which sets forth circumstances under which Shares of the Fund may be halted. In addition, as noted above, investors will have ready access to information regarding the Fund's holdings, NAV, the iNAV, the Disclosed Portfolio, and quotation and last sale information for the Shares.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of an additional type of actively-managed exchange-traded product that principally will hold fixed income securities and that will enhance competition among market participants, to the benefit of investors and the marketplace. As noted above, the Exchange has in place surveillance procedures relating to trading in the Shares and may obtain information via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement. In addition, as noted above, investors will have ready access to information regarding the Fund's holdings, NAV, iNAV, Disclosed Portfolio, and quotation and last sale information for the Shares.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Act. The Exchange notes that the proposed rule change will facilitate the listing and trading of an additional type of actively-managed exchange-traded product that principally will hold fixed income securities and that will 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.

6. Extension of Time Period for Commission Action

The Exchange does not consent at this time to an extension of any 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 the 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 Federal Register

## SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-NYSEARCA-2017-99; Amendment No. 3)

[Date]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change to List and Trade Shares of the Hartford Schroders Tax-Aware Bond ETF under NYSE Arca Rule 8.600-E

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 January 26, 2018, 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 list and trade shares of the Hartford Schroders Tax-Aware Bond ETF under NYSE Arca Rule 8.600-E (“Managed Fund Shares”). This Amendment No. 3 to SR-NYSEArca-2017-99 replaces SR- NYSEArca-2017-99 as originally filed and Amendments 1 and 2 thereto and supersedes such filings in their entirety. 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

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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.

Reference Room.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

The Exchange proposes to list and trade shares (“Shares”) of the Hartford Schroders Tax-Aware Bond ETF (“Fund”) under NYSE Arca Rule 8.600-E, which governs the listing and trading of Managed Fund Shares.<sup>4</sup> The Shares will be offered by the Hartford Funds Exchange-Traded Trust (the “Trust”), which is registered with the Commission as an open-end management investment company.<sup>5</sup> The Fund is a series of

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<sup>4</sup> A Managed Fund Share is a security that represents an interest in an investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1) (“1940 Act”) organized as an open-end investment company or similar entity that invests in a portfolio of securities selected by its investment adviser consistent with its investment objectives and policies. In contrast, an open-end investment company that issues Investment Company Units, listed and traded on the Exchange under NYSE Arca Rule 5.2-E(j)(3), seeks to provide investment results that correspond generally to the price and yield performance of a specific foreign or domestic stock index, fixed income securities index or combination thereof.

<sup>5</sup> The Trust is registered under the 1940 Act. On June 26, 2017, the Trust filed with the Commission its registration statement on Form N-1A under the Securities Act of 1933 (15 U.S.C. 77a), and under the 1940 Act relating to the Fund (File Nos.

the Trust.

Hartford Funds Management Company, LLC (“HFMC” or “Manager”) will be the investment manager to the Fund. ALPS Distributors, Inc. (“ALPS” or the “Distributor”) will be the principal underwriter to the Fund. HFMC is an indirect subsidiary of The Hartford Financial Services Group, Inc. Schroder Investment Management North America Inc. (“Sub-Adviser”) will be the sub-adviser to the Fund and performs the daily investment of the assets for the Fund. State Street Bank and Trust Company will serve as transfer agent (“Transfer Agent”) and custodian for the Fund.

Commentary .06 to Rule 8.600-E provides that, if the investment adviser to the investment company issuing Managed Fund Shares is affiliated with a broker-dealer, such investment adviser shall erect and maintain a “fire wall” between the investment adviser and the broker-dealer with respect to access to information concerning the composition and/or changes to such investment company portfolio.<sup>6</sup> In addition,

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333-215165 and 811-23222) (“Registration Statement”). The description of the operation of the Trust and the Fund herein is based, in part, on the Registration Statement. In addition, the Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act. See Investment Company Act Release No. 32454 (January 27, 2017) (File No. 812-13828-01) (“Exemptive Order”).

<sup>6</sup> An investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 (the “Advisers Act”). As a result, the Manager and Sub-Adviser and their related personnel are subject to the provisions of Rule 204A-1 under the Advisers Act relating to codes of ethics. This Rule requires investment advisers to adopt a code of ethics that reflects the fiduciary nature of the relationship to clients as well as compliance with other applicable securities laws. Accordingly, procedures designed to prevent the communication and misuse of non-public information by an investment adviser must be consistent with Rule 204A-1 under the Advisers Act. In addition, Rule 206(4)-7 under the Advisers Act makes it unlawful for an investment adviser to provide investment advice to clients unless such investment adviser has (i) adopted and implemented written policies and procedures reasonably designed to prevent violation, by the investment adviser and its supervised persons, of the Advisers Act and the

Commentary .06 further requires that personnel who make decisions on the open-end fund's portfolio composition must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the open-end fund's portfolio. Neither the Manager nor Sub-Adviser is registered as a broker-dealer but each is affiliated with a broker-dealer. The Manager and Sub-Adviser each has implemented and will maintain a "fire wall" with respect to such broker-dealer affiliate regarding access to information concerning the composition of and/or changes to the Fund's portfolio. In addition, personnel who make decisions on the Fund's portfolio composition must be subject to procedures designed to prevent the use and dissemination of material, non-public information regarding the Fund's portfolio. In the event (a) the Manager or Sub-Adviser becomes registered as a broker-dealer or newly affiliated with a broker-dealer, or (b) any new adviser or sub-adviser to the Fund is a registered broker-dealer or becomes affiliated with a broker-dealer, the applicable adviser or sub-adviser will implement and maintain a fire wall with respect to its relevant personnel or broker-dealer affiliate regarding access to information concerning the composition and/or changes to the Fund's portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio.

Hartford Schroders Tax-Aware Bond ETF

Principal Investments

According to the Registration Statement, the Fund will seek total return on an

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Commission rules adopted thereunder; (ii) implemented, at a minimum, an annual review regarding the adequacy of the policies and procedures established pursuant to subparagraph (i) above and the effectiveness of their implementation; and (iii) designated an individual (who is a supervised person) responsible for administering the policies and procedures adopted under subparagraph (i) above.

after-tax basis. The Fund will seek to achieve its investment objective by investing in a diversified portfolio of fixed income debt instruments of varying maturities. Under normal market conditions,<sup>7</sup> the Fund will invest principally (that is, more than 50% of its assets) in the U.S. dollar-denominated, fixed income debt instruments, described below, cash and cash equivalents.<sup>8</sup>

The fixed income debt instruments in which the Fund may invest as part of its principal investment strategy are securities issued or guaranteed by the U.S. government and its agencies, government-sponsored enterprise securities, corporate bonds, agency mortgage-backed securities (including “to be announced” or “TBA” transactions), agency asset-backed securities (“ABS”), “Municipal Securities” (as described below), sovereign debt and debt securities issued by supranational organizations. They may pay fixed, variable, or floating interest rates.

According to the Registration Statement, in seeking to achieve the Fund’s investment objective, the Sub-Adviser will employ a tax-aware investing strategy that attempts to realize total return for shareholders, primarily in the form of current income and price appreciation, by balancing investment considerations and tax considerations.

According to the Registration Statement, the Fund may invest in the following Municipal Securities: general obligation bonds; revenue (or limited obligation) bonds; private activity (or industrial development) bonds; bonds that are collateralized with agency and/or treasury securities, municipal notes; municipal lease obligations; and

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<sup>7</sup> The term “normal market conditions” is defined in NYSE Arca Rule 8.600-E(c)(5).

<sup>8</sup> For purposes of this filing, cash equivalents are the short-term instruments enumerated in Commentary .01(c) to Rule 8.600-E.

municipal inverse floaters.<sup>9</sup> The Fund's investments in Municipal Securities will be diversified among issuers in at least 10 states and U.S. territories. The Fund may invest up to 40% of the Fund's total assets in Municipal Securities of issuers in each of California, New York and Texas. The Fund will limit its investments in Municipal Securities of any one state (except California, New York and Texas) or U.S. territory to 25% of the Fund's total assets.

#### Other Investments

While the Fund, under normal market conditions, will invest principally in the securities and financial instruments described above, the Fund may invest its remaining assets in the securities and financial instruments described below.

The Fund may invest in U.S. and foreign non-agency ABS, which are securities backed by a pool of some underlying asset, including but not limited to home equity loans, installment sale contracts, credit card receivables or other assets.

The Fund may invest in U.S. and foreign non-agency mortgage-related securities. Mortgage-related securities may be composed of one or more classes and may be structured either as pass-through securities or collateralized debt obligations (which include collateralized bond obligations and collateralized loan obligations).

The Fund may invest in U.S. exchange-traded closed-end funds and exchange-traded funds ("ETFs").<sup>10</sup>

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<sup>9</sup> Inverse floaters are bonds or other types of debt instruments whose coupon rate has an inverse relationship to a benchmark rate. For municipal inverse floaters, the underlying bond is a municipal bond.

<sup>10</sup> For purposes of this filing, ETFs include Investment Company Units (as described in NYSE Arca Rule 5.2-E (j)(3)); Portfolio Depositary Receipts (as described in NYSE Arca Rule 8.100-E); and Managed Fund Shares (as described in NYSE Arca Rule 8.600-E). The ETFs all will be listed and traded in the U.S. on

The Fund may engage actively in transactions in derivatives (futures, options, swaps and forward rate agreements), as described below. The Fund will normally use derivatives to supplement the effective management of its duration profile, to gain exposure to particular securities or markets, in connection with hedging transactions, or for purposes of efficient portfolio management, including managing cash flows or as part of the Fund's risk management process.

The Fund may invest in U.S and foreign exchange-traded and over-the counter ("OTC") put and call options. The Fund may engage in options transactions on any security, index or instrument in which it may invest.

The Fund may invest in U.S and foreign exchange-traded and OTC currency options.

The Fund may invest in U.S. and foreign exchange-traded futures contracts and options on futures contracts with respect to equity and debt securities, foreign currencies, aggregates of equity and debt securities (aggregates are composites of equity or debt securities that are not tied to a commonly known index), interest rates, indices, commodities and other financial instruments.

The Fund may enter into the following U.S exchange-traded, foreign exchange-traded and OTC swaps: commodity swaps; total return swaps; currency swaps; credit default swaps ("CDS"); CDS index swaps ("CDX"); asset swaps; inflation swaps; event-linked swaps; interest rate swaps; swaps on specific securities or indices; and swaps on rates (such as mortgage prepayment rates). The Fund may invest in U.S. exchange-traded and OTC municipal derivatives (i.e., municipal credit default swaps, municipal market

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registered exchanges. The Fund will not invest in inverse or leveraged (e.g., +2x, -2X) index ETFs.

data derivatives, rate locks, caps, collars, and floors). The Fund may also enter into options on swap agreements (“swaptions”).<sup>11</sup>

The Fund may enter into forward rate agreements.

The Fund may invest in inflation-protected debt securities.

With respect to any of the Fund’s investments, the Fund may invest in when-issued and delayed delivery securities and forward commitments.

The Fund may hold fixed income restricted securities, which are securities that cannot be offered for public resale unless registered under the applicable securities laws or that have a contractual restriction that prohibits or limits their resale. Restricted securities include private placement securities that have not been registered under the applicable securities laws, such as Rule 144A securities, and securities of U.S. and non-U.S. issuers that are issued pursuant to Regulation S.

#### Creation and Redemption of Shares

According to the Registration Statement, the Trust will issue and sell Shares of the Fund only in Creation Units at the net asset value (“NAV”) next determined after receipt of an order in proper form on any day the NYSE Arca is open (a “Business Day”). The number of Shares of the Fund that will constitute a Creation Unit is 50,000. The size of a Creation Unit is subject to change.

#### Creation of Shares

The consideration for purchase of Creation Units will generally consist of “Deposit Securities” and the “Cash Component”, which will generally correspond pro rata, to the extent practicable, to the Fund’s securities, or, as permitted or required by the

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<sup>11</sup> Options on swaps are traded OTC. In the event that there are exchange-traded options on swaps, the Fund may invest in these instruments.

Fund, of cash. Together, the Deposit Securities and Cash Component constitute the “Fund Deposit,” which represents the minimum initial and subsequent investment amount for a Creation Unit of the Fund. Creation Units of Shares of the Fund may be issued partially for cash.

The Transfer Agent, through the National Securities Clearing Corporation (“NSCC”), will make available on each Business Day, prior to the Core Trading Session (subject to amendments) on the Exchange (currently 9:30 a.m., Eastern time (“E.T.”)), the identity and the required number of each Deposit Security and the amount of the Cash Component to be included in the current Fund Deposit (based on information at the end of the previous Business Day).

To be eligible to place orders with the Distributor and to create a Creation Unit of the Fund, an entity must be: (i) a “Participating Party,” i.e. a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of the NSCC (the “Clearing Process”); or (ii) a participant of Depository Trust Company (“DTC”) (“DTC Participant”) and must have executed an agreement with the Distributor (and accepted by the Transfer Agent), with respect to creations and redemptions of Creation Units (“Participant Agreement”) (discussed below). A Participating Party or DTC Participant who has executed a Participant Agreement is referred to as an “Authorized Participant.”

Except as described below, and in all cases subject to the terms of the applicable Participant Agreement, all orders to create Creation Units of the Fund must be received by the Transfer Agent no later than 1:00 p.m., E.T. on the date such order is placed for creation of Creation Units to be effected based on the NAV of Shares of the Fund as next

determined after receipt of an order in proper form.<sup>12</sup> Orders requesting substitution of a “cash-in-lieu” amount or a cash creation, must be received by the Transfer Agent no later than 1:00 p.m., E.T.<sup>13</sup> The date on which an order to create Creation Units (or an order to redeem Creation Units, as discussed below) is placed is referred to as the “Transmittal Date”.

Fund Deposits created through the Clearing Process, if available, must be delivered through a Participating Party that has executed a Participant Agreement.

The Participant Agreement authorizes the Transfer Agent to transmit to NSCC on behalf of the Participating Party such trade instructions as are necessary to effect the Participating Party’s creation order. Pursuant to such trade instructions from the Transfer Agent to NSCC, the Participating Party agrees to transfer the requisite Deposit Securities (or contracts to purchase such Deposit Securities that are expected to be delivered in a “regular way” manner by the second Business Day) and the Cash Component to the

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<sup>12</sup> The Manager represents that it believes that the designated time by which an order to create or redeem must be received by the Transfer Agent (1:00 p.m., E.T.) will not have a material impact on an Authorized Participant’s arbitrage opportunities with respect to the Fund. The designated cut-off time will have no impact on the primary arbitrage mechanism applicable to the Fund, which is the ability to trade the futures contracts and other derivative instruments that are used by an Authorized Participant for hedging the Fund’s principal investments throughout the U.S. trading day. Futures trade on U.S. markets during the Core Trading Session. Price information regarding other derivative instruments in which the Fund may invest also will be available during the Core Trading Session. In addition, the securities that comprise the Fund’s Creation Baskets can be purchased at any time prior to the determination of the Fund’s NAV at the end of the day. This should allow Authorized Participants to properly price and hedge their exposure to trading in the Fund’s Shares during the Core Trading Session (9:30 a.m.-4:00 p.m., E.T.).

<sup>13</sup> The Manager represents that, to the extent the Trust effects the creation or redemption of Shares wholly or partially in cash, such transactions will be effected in the same manner for all Authorized Participants.

Trust, together with such additional information as may be required by the Transfer Agent and the Distributor as set forth in the Participant Agreement. An order to create Creation Units of the Fund through the Clearing Process is deemed received by the Transfer Agent on the Transmittal Date if (i) such order is received by the Transfer Agent not later than the “Order Cutoff Time” (i.e., 1:00 p.m., E.T.) on such Transmittal Date and (ii) all other procedures set forth in the Participant Agreement are properly followed.

Fund Deposits created outside the Clearing Process must be delivered through a DTC Participant that has executed a Participant Agreement.

#### Redemption of Shares

Shares may be redeemed only in Creation Units at their NAV next determined after receipt of a redemption request in proper form on a Business Day and only through a Participating Party or DTC Participant who has executed a Participant Agreement.

With respect to the Fund, the Transfer Agent, through the NSCC, makes available immediately prior to the opening of business on the Exchange (currently 9:30 a.m., E.T.) on each Business Day, the identity of the Fund’s securities and/or an amount of cash that will be applicable (subject to possible amendment or correction) to redemption requests received in proper form (as described below) on that day. The Fund’s securities received on redemption will generally correspond pro rata, to the extent practicable, to the Fund’s securities. The Fund’s securities received on redemption (“Fund Securities”) may not be identical to Deposit Securities that are applicable to creations of Creation Units.

Unless cash only redemptions are available or specified for the Fund, the redemption proceeds for a Creation Unit will generally consist of Fund Securities – as announced on the Business Day of the request for a redemption order received in proper

form – plus cash in an amount equal to the difference between the NAV of the Shares being redeemed, as next determined after a receipt of a request in proper form, and the value of the Fund Securities, less the redemption transaction fee and variable fees described below. Notwithstanding the foregoing, the Trust will substitute a “cash-in-lieu” amount to replace any Fund Security that is a non-deliverable instrument.

Orders to redeem Creation Units of the Fund through the Clearing Process, if available, must be delivered through a Participating Party that has executed the

Participant Agreement. An order to redeem Creation Units of the Fund through the Clearing Process will be deemed received by the Transfer Agent on the Transmittal Date if such order is received by the Transfer Agent not later than 1:00 p.m. E.T. on such Transmittal Date and other applicable procedures are properly followed.

Orders to redeem Creation Units of the Fund outside the Clearing Process must be delivered through a DTC Participant that has executed the Participant Agreement. An order to redeem Creation Units of the Fund outside the Clearing Process will be deemed received by the Transfer Agent on the Transmittal Date if such order is received by the Transfer Agent not later than 1:00 p.m. E.T. on such Transmittal Date and other applicable procedures are properly followed.

#### Availability of Information

The Fund will disclose on the Fund’s website ([www.hartfordfunds.com](http://www.hartfordfunds.com)) at the start of each day the NYSE Arca is open (a “Business Day”), before commencement of trading in the Shares on the Exchange the identities and quantities of the securities and other assets held by the Fund that will form the basis of the Fund’s calculation of its NAV on that Business Day. The portfolio holdings so disclosed will be based on

information as of the close of business on the prior Business Day and/or trades that have been completed prior to the opening of business on that Business Day and that are expected to settle on the Business Day.

The website for the Fund will contain the following information, on a per-Share basis, for the Fund: (1) daily trading volume, the prior Business Day's reported closing price, NAV and midpoint of the bid/ask spread at the time of calculation of such NAV (the "Bid-Ask Price"); (2) a calculation of the premium or discount of the Bid-Ask Price against such NAV; and (3) data in chart format displaying the frequency distribution of discounts and premiums of the Bid-Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters (or for the life of the Fund if, shorter).

On a daily basis, the Fund will disclose the information required under NYSE Arca Rule 8.600-E (c)(2) to the extent applicable. The Fund's prospectus and Statement of Additional Information ("SAI") will be available on the Fund's website. The website information will be publicly available at no charge.

Investors can also obtain the Fund's SAI, shareholder reports, Form N-CSR and Form N-SAR, filed twice a year. The Fund's SAI and shareholder reports will be available free upon request from the Trust, and those documents and the Form N-CSR and Form N-SAR may be viewed on-screen or downloaded from the Commission's website at [www.sec.gov](http://www.sec.gov). Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services. Information regarding the previous day's closing price and trading volume information for the Shares will be publicly available

and will be published daily in the financial section of newspapers.

Quotation and last sale information for the Shares, and ETFs will be available via the Consolidated Tape Association (“CTA”) high-speed line, and from the national securities exchanges on which they are listed. U.S. exchange-traded options quotation and last sale information is available via the Options Price Reporting Authority. Foreign exchange-traded options, U.S. and foreign exchange-traded futures contracts and options on futures contracts, U.S. and foreign exchange-traded swaps (if applicable), and exchange-traded municipal derivatives information is available from the applicable U.S. or foreign exchange and major market data vendors.

Quotation information from brokers and dealers or pricing services will be available for Municipal Securities. Price information for money market funds and other investment company securities (other than ETFs) will be available from the applicable investment company’s website and from market data vendors. Pricing information regarding fixed income debt instruments, cash equivalents, OTC options, OTC swaps, swaptions, restricted securities, non-agency ABS, non-agency mortgage-related securities, forward rate agreements, OTC municipal derivatives, CDX, and inflation-protected debt securities will generally be available through nationally recognized data service providers through subscription agreements. In addition, the iNAV<sup>14</sup> (which is the Portfolio Indicative Value, as defined in NYSE Arca Rule 8.600-E(c)(3)), will be widely disseminated at least every 15 seconds during the Core Trading Session by one or more

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<sup>14</sup> The iNAV will be based on the current market value of the securities and other assets held by the Fund that will form the basis of the Fund’s calculation of its NAV on that Business Day.

major market data vendors.<sup>15</sup> One source of price information for municipal securities is the Electronic Municipal Market Access (“EMMA”), which is administered by the Municipal Securities Rulemaking Board.

#### Investment Restrictions

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

With respect to the Fund’s investments in Municipal Securities, under normal market conditions, except for periods of high cash inflows or outflows,<sup>16</sup> the Fund will satisfy the following criteria:

- i. The Fund will have a minimum of 20 non-affiliated issuers;
- ii. No single Municipal Securities issuer will account for more than 10% of the weight of the Fund’s portfolio;<sup>17</sup>
- iii. No individual bond will account for more than 5% of the weight of the Fund’s portfolio;<sup>18</sup>

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<sup>15</sup> Currently, it is the Exchange’s understanding that several major market data vendors display and/or make widely available Portfolio Indicative Values taken from CTA or other data feeds.

<sup>16</sup> “Periods of high cash inflows or outflows” as used herein, mean rolling periods of seven calendar days during which inflows or outflows of cash, in the aggregate, exceed 10% of the Fund’s net assets as of the opening of business on the first day of such periods. During such periods, the Fund may depart from its principal investment strategies; for example, it may hold a higher than normal proportion of its assets in cash.

<sup>17</sup> The Exchange notes that the Commission has approved the listing and trading of another issue of Managed Fund Shares that principally holds municipal securities for which no single issuer would account for more than 10% of the weight of the fund’s portfolio. See Securities Exchange Act Release No. 79293 (November 10, 2016), 81 FR 81189 (November 17, 2016) (SR-NYSEArca-2016-107) (order approving listing and trading of shares of Cumberland Municipal Bond ETF under Rule 8.600).

- iv. The Fund will limit its investments in Municipal Securities of any one state or U.S. territory to 25% of the Fund's total assets, except that up to and including 40% of the Fund's total assets may be invested in Municipal Securities of issuers in each of California, New York and Texas;<sup>19</sup>
- v. The Fund's investments in Municipal Securities will be diversified among issuers in at least 10 states and U.S. territories;<sup>20</sup>
- vi. The Fund will be diversified among a minimum of five different sectors of the Municipal Securities market.<sup>21</sup>

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<sup>18</sup> The Exchange notes that the Commission has approved the listing and trading of another issue of Managed Fund Shares that principally holds municipal securities for which no single bond would exceed 5% of the fund's portfolio. See Securities Exchange Act Release No. 80885 (June 8, 2017), 82 FR 27302 (June 14, 2017) (order approving listing and trading of shares of the IQ Municipal Insured ETF, IQ Municipal Short Duration ETF, and IQ Municipal Intermediate ETF under NYSE Arca Equities Rule 8.600).

<sup>19</sup> The Exchange notes that the Commission has approved the listing and trading of other issues of Managed Fund Shares that principally hold municipal securities for which the applicable fund's assets in municipal securities of any one state would be limited to 30% of such fund's assets. See Securities Exchange Act Release Nos. 80885 (June 8, 2017), 82 FR 27302 (June 14, 2017) (order approving listing and trading of shares of the IQ Municipal Insured ETF, IQ Municipal Short Duration ETF, and IQ Municipal Intermediate ETF under NYSE Arca Equities Rule 8.600); 79293 (November 10, 2016), 81 FR 81189 (November 17, 2016) (SR-NYSEArca-2016-107) (order approving listing and trading of shares of Cumberland Municipal Bond ETF under Rule 8.600); 78913 (September 23, 2016) (SR-Nasdaq-2016-002) (order approving listing and trading of the First Trust Municipal High Income ETF of First Trust Exchange-Traded Fund III).

<sup>20</sup> The Exchange notes that the Commission has approved the listing and trading of another issue of Managed Fund Shares that principally holds municipal securities and for which the fund's assets would be diversified among issuers in 10 states. See Securities Exchange Act Release No. 80865 (June 6, 2017), 82 FR 26970 (June 12, 2017) (order approving listing and trading of shares of the Franklin Liberty Intermediate Municipal Opportunities ETF and Franklin Liberty Municipal Bond ETF under NYSE Arca Equities Rule 8.600).

Pre-refunded bonds will be excluded from the above limits given that they have a high level of credit quality and liquidity.<sup>22</sup>

#### Application of Generic Listing Requirements

The Exchange is submitting this proposed rule change because the portfolio for the Fund will not meet all of the “generic” listing requirements of Commentary .01 to NYSE Arca Rule 8.600-E applicable to the listing of Managed Fund Shares. The Fund’s portfolio will meet all such requirements except for those set forth in Commentary .01(b)(1), as described below.

The Exchange believes that it is appropriate and in the public interest to approve listing and trading of Shares of the Fund on the Exchange notwithstanding that the Fund would not meet the requirements of Commentary .01(b)(1) to Rule 8.600-E in that the Fund’s investments in fixed income securities, including Municipal Securities, will be

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<sup>21</sup> The Fund’s investments in Municipal Securities will include investments in state and local (e.g., county, city, town) Municipal Securities relating to such sectors as the following: airports; bridges and highways; hospitals; housing; jails; mass transportation; nursing homes; parks; public buildings; recreational facilities; school facilities; streets; and water and sewer works.

<sup>22</sup> The Exchange notes that the Commission has approved the listing and trading of another issue of Managed Fund Shares that principally holds municipal securities for which pre-refunded bonds were excluded from the specified limits in the fund’s municipal bond investments. See Securities Exchange Act Release No. 80865 (June 6, 2017), 82 FR 26970 (June 12, 2017) (order approving listing and trading of shares of the Franklin Liberty Intermediate Municipal Opportunities ETF and Franklin Liberty Municipal Bond ETF under NYSE Arca Equities Rule 8.600). Pre-refunded bonds (also known as refunded or escrow-secured bonds) have a high level of credit quality and liquidity because the issuer “pre-refunds” the bond by setting aside in advance all or a portion of the amount to be paid to the bondholders when the bond is called. Generally, an issuer uses the proceeds from a new bond issue to buy high grade, interest bearing debt securities, including direct obligations of the U.S. government, which are then deposited in an irrevocable escrow account held by a trustee bank to secure all future payments of principal and interest on the pre-refunded bonds.

well-diversified.<sup>23</sup>

The Exchange believes that permitting Fund Shares to be listed and traded on the Exchange, notwithstanding that, as a result principally of the Fund's investments in Municipal Securities, less than 75% of the weight of the fixed income portion of the Fund's portfolio may consist of components with \$100 million or more minimum original principal amount outstanding, would provide the Fund with greater ability to select from a broad range of fixed income securities, including Municipal Securities, as described above, that would support the Fund's investment goal.

The Exchange believes that, notwithstanding that the Fund's portfolio may not satisfy Commentary .01(b)(1) to Rule 8.600-E, the Fund will not be susceptible to manipulation. As noted above, with respect to the Fund's investments in Municipal Securities, such securities will be diversified among a minimum of 20 non-affiliated issuers; no single Municipal Securities issuer will account for more than 10% of the weight of the Fund's portfolio; no individual bond will account for more than 5% of the weight of the Fund's portfolio; the Fund will limit its investments in Municipal Securities of any one state or U.S. territory to 25% of the Fund's total assets, except that up to and including 40% of the Fund's total assets may be invested in Municipal Securities of issuers in each of California, New York and Texas; and the Fund's investments in Municipal Securities will be diversified among issuers in at least 10 states and U.S territories and will be diversified among a minimum of five different sectors of the Municipal Securities market.

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<sup>23</sup> Commentary .01(b)(1) to NYSE Arca Rule 8.600-E provides that components that in the aggregate account for at least 75% of the fixed income weight of the portfolio each shall have a minimum original principal amount outstanding of \$100 million or more.

The Manager represents that the fixed income weight of the Fund's portfolio, other than holdings in Municipal Securities with respect to Commentary .01(b)(1), will meet the generic criteria of Commentary .01(b) to Rule 8.600-E.

The Exchange notes that, other than Commentary .01(b)(1) to Rule 8.600-E, as described above, the Fund's portfolio will meet all other requirements of Rule 8.600-E.

#### Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Fund.<sup>24</sup> Trading in Shares of the Fund will be halted if the circuit breaker parameters in NYSE Arca Rule 7.12-E have been reached. Trading also may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. Trading in the Fund's Shares also will be subject to Rule 8.600-E(d)(2)(D) ("Trading Halts").

#### Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. Shares will trade on the NYSE Arca Marketplace from 4 a.m. to 8 p.m., E.T. in accordance with NYSE Arca Rule 7.34-E (Early, Core, and Late Trading Sessions). The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in NYSE Arca Rule 7.6-E, the minimum price variation ("MPV") for quoting and entry of orders in equity securities traded on the NYSE Arca Marketplace is \$0.01, with the exception of securities that are priced less than \$1.00 for which the

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<sup>24</sup> See NYSE Arca Rule 7.12-E.

MPV for order entry is \$0.0001.

With the exception of the requirements of Commentary .01(b)(1) to Rule 8.600-E as described above in “Application of Generic Listing Requirements”, the Shares of the Fund will conform to the initial and continued listing criteria under NYSE Arca Rule 8.600-E. Consistent with NYSE Arca Rule 8.600-E(d)(2)(B)(ii), the Manager will implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the actual components of the Fund’s portfolio.<sup>25</sup> The Exchange represents that, for initial and continued listing, the Fund will be in compliance with Rule 10A-3<sup>26</sup> under the Act, as provided by NYSE Arca Rule 5.3-E. A minimum of 100,000 Shares will be outstanding at the commencement of trading on the Exchange. The Exchange will obtain a representation from the issuer of the Shares that the NAV per Share will be calculated daily and that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time. The Fund’s investments will be consistent with its investment goal and will not be used to provide multiple returns of a benchmark or to produce leveraged returns.

#### Surveillance

The Exchange represents that trading in the Shares will be subject to the existing trading surveillances, administered by the Financial Industry Regulatory Authority (“FINRA”) on behalf of the Exchange, or by regulatory staff of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws.

The Exchange represents that these procedures are adequate to properly monitor

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<sup>25</sup> The Manager will be the “Reporting Authority” for purposes of NYSE Arca Rule 8.600-E(d)(2)(B)(ii).

<sup>26</sup> 17 CFR 240.10A-3.

Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange.<sup>27</sup>

The surveillances referred to above generally focus on detecting securities trading outside their normal patterns, which could be indicative of manipulative or other violative activity. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations.

The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares, ETFs, exchange-traded closed-end funds, exchange-traded municipal derivatives, certain exchange-traded options and certain exchange-traded futures with other markets and other entities that are members of the ISG, and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in the Shares, ETFs, exchange-traded closed-end funds, exchange-traded municipal derivatives, certain exchange-traded options and certain exchange-traded futures from such markets and other entities.<sup>28</sup> In addition, the Exchange may obtain information regarding trading in the Shares, ETFs, exchange-traded closed-end funds, exchange-traded municipal derivatives, certain exchange-traded options and certain exchange-traded futures from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance

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<sup>27</sup> FINRA conducts cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement.

<sup>28</sup> For a list of the current members of ISG, see [www.isgportal.org](http://www.isgportal.org). The Exchange notes that not all components of the Disclosed Portfolio may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

sharing agreement. In addition, FINRA, on behalf of the Exchange, is able to access, as needed, trade information for certain fixed income securities held by the Fund reported to FINRA's Trade Reporting and Compliance Engine ("TRACE"). FINRA also can access data obtained from the Municipal Securities Rulemaking Board ("MSRB") relating to municipal bond trading activity for surveillance purposes in connection with trading in the Shares.

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

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

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

#### Information Bulletin

Prior to the commencement of trading, the Exchange will inform its Equity Trading Permit Holders in an Information Bulletin ("Bulletin") of the special characteristics and risks associated with trading the Shares. Specifically, the Bulletin will discuss the following: (1) the procedures for purchases and redemptions of Shares in

Creation Unit aggregations (and that Shares are not individually redeemable); (2) NYSE Arca Rule 9.2-E(a), which imposes a duty of due diligence on its Equity Trading Permit Holders to learn the essential facts relating to every customer prior to trading the Shares; (3) the risks involved in trading the Shares during the Early and Late Trading Sessions when an updated iNAV will not be calculated or publicly disseminated; (4) how information regarding the iNAV and the Disclosed Portfolio is disseminated; (5) the requirement that Equity Trading Permit Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (6) trading information.

In addition, the Bulletin will reference that the Fund is subject to various fees and expenses described in the Registration Statement. The Bulletin will discuss any exemptive, no-action, and interpretive relief granted by the Commission from any rules under the Act. The Bulletin will also disclose that the NAV for the Shares will be calculated after 4:00 p.m., E.T. each trading day.

## 2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)<sup>29</sup> that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed and traded

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<sup>29</sup> 15 U.S.C. 78f(b)(5).

on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Rule 8.600-E. The Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws. The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares, ETFs, exchange-traded closed-end funds, exchange-traded municipal derivatives, certain exchange-traded options and certain exchange-traded futures with other markets and other entities that are members of the ISG, and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in the Shares, ETFs, exchange-traded closed-end funds, exchange-traded municipal derivatives, certain exchange-traded options and certain exchange-traded futures from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares, ETFs, exchange-traded closed-end funds, exchange-traded municipal derivatives, certain exchange-traded options and certain exchange-traded futures from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. In addition, FINRA, on behalf of the Exchange, is able to access, as needed, trade information for certain fixed income securities held by the Fund reported to TRACE. FINRA also can access data obtained from the MSRB relating to municipal bond trading activity for surveillance purposes in connection with trading in the Shares. Neither the Manager nor Sub-Adviser is registered as a broker-dealer but each is affiliated with a broker-dealer. The Manager and Sub-Adviser each has implemented a “fire wall” with respect to such broker-dealer affiliate regarding access to information concerning the

composition of and/or changes to the Fund's portfolio.

The Exchange believes that it is appropriate and in the public interest to approve listing and trading of Shares of the Fund on the Exchange notwithstanding that the Fund would not meet the requirements of Commentary .01(b)(1) to Rule 8.600-E in that the Fund's investments in Municipal Securities will be well-diversified.

The Exchange believes that permitting Fund Shares to be listed and traded on the Exchange notwithstanding that, as a result principally of the Fund's investments in Municipal Securities, less than 75% of the fixed income portion of the weight of the Fund's portfolio may consist of components with \$100 million or more minimum original principal amount outstanding would provide the Fund with greater ability to select from a broad range of Municipal Securities, as described above, that would support the Fund's investment goal.

The Exchange believes that, notwithstanding that the Fund's portfolio may not satisfy Commentary .01(b)(1) to Rule 8.600-E, the Fund's portfolio will not be susceptible to manipulation. As noted above, with respect to the Fund's investments in Municipal Securities, such securities will be diversified among a minimum of 20 non-affiliated issuers; no single Municipal Securities issuer will account for more than 10% of the weight of the Fund's portfolio; no individual bond will account for more than 5% of the weight of the Fund's portfolio; the Fund will limit its investments in Municipal Securities of any one state or U.S. territory to 25% of the Fund's total assets, except that up to and including 40% of the Fund's total assets may be invested in Municipal Securities of issuers in each of California, New York and Texas; and the Fund's investments in Municipal Securities will be diversified among issuers in at least 10 states

and U.S. territories and will be diversified among a minimum of five different sectors of the Municipal Securities market.

The Manager also represents that the fixed income weight of the Fund's portfolio, other than holdings in Municipal Securities with respect to Commentary .01(b)(1), will meet the generic criteria of Commentary .01(b) to Rule 8.600-E.

The Exchange notes that, other than Commentary .01 (b)(1) to Rule 8.600-E, as described above, the Fund's portfolio will meet all other requirements of Rule 8.600-E.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that the Exchange will obtain a representation from the issuer of the Shares that the NAV per Share will be calculated daily and that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time. In addition, a large amount of information will be publicly available regarding the Fund and the Shares, thereby promoting market transparency. Quotation and last sale information for the Shares and ETFs will be available via the CTA high-speed line, and from the national securities exchanges on which they are listed. Prior to the commencement of trading, the Exchange will inform its Equity Trading Permit Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. Trading in Shares of the Fund will be halted if the circuit breaker parameters in NYSE Arca Rule 7.12-E have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. Trading in the Shares will be subject to NYSE Arca Rule 8.600-E(d)(2)(D), which sets forth circumstances under which Shares of the Fund may be halted. In addition, as noted above, investors will have ready access to information

regarding the Fund's holdings, NAV, the iNAV, the Disclosed Portfolio, and quotation and last sale information for the Shares.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of an additional type of actively-managed exchange-traded product that principally will hold fixed income securities and that will enhance competition among market participants, to the benefit of investors and the marketplace. As noted above, the Exchange has in place surveillance procedures relating to trading in the Shares and may obtain information via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement. In addition, as noted above, investors will have ready access to information regarding the Fund's holdings, NAV, iNAV, Disclosed Portfolio, and quotation and last sale information for the Shares.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Act. The Exchange notes that the proposed rule change will facilitate the listing and trading of an additional type of actively-managed exchange-traded product that principally will hold fixed income securities and that will enhance competition among market participants, to the benefit of investors and the marketplace.

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

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

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

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:

- 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-2017-99 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-2017-99. 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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEARCA-2017-99 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>30</sup>

Robert W. Errett  
Deputy Secretary

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<sup>30</sup> 17 CFR 200.30-3(a)(12).