

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-85804; File No. SR-CboeBZX-2019-035)

May 8, 2019

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to list and trade under BZX Rule 14.11(c)(4) the Shares of the iShares iBonds 2021 Term High Yield and Income ETF, iShares iBonds 2022 Term High Yield and Income ETF, iShares iBonds 2023 Term High Yield and Income ETF, iShares iBonds 2024 Term High Yield and Income ETF, and iShares iBonds 2025 Term High Yield and Income ETF of iShares Trust

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on April 26, 2019, Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ 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 under BZX Rule 14.11(c)(4) the shares of the iShares iBonds 2021 Term High Yield and Income ETF (the “2021 Fund”), iShares iBonds 2022 Term High Yield and Income ETF (the “2022 Fund”), iShares iBonds 2023 Term High Yield and Income ETF (the “2023 Fund”), iShares iBonds 2024 Term High Yield and Income ETF (the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

“2024 Fund”), and iShares iBonds 2025 Term High Yield and Income ETF (the “2025 Fund”, each a “Fund” and, collectively, the “Funds”) of iShares Trust (the “Trust”).

The text of the proposed rule change is also available on the Exchange’s website (http://markets.cboe.com/us/equities/regulation/rule_filings/bzx/), at the Exchange’s Office of the Secretary, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the Exchange 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 these 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 aspects 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 Funds under BZX Rule 14.11(c)(4),⁵ which governs the listing and trading of index fund shares based on fixed income securities indexes. The Shares will be offered by the Trust, which was established as a Delaware statutory trust on December 16, 1999. The Trust is registered with the Commission as an open-end investment company and has filed a registration statement on behalf of the Funds on Form N-1A (“Registration Statement”) with the Commission.⁶

⁵ The Commission approved BZX Rule 14.11(c) in Securities Exchange Act Release No. 65225 (August 30, 2011), 76 FR 55148 (September 6, 2011) (SR-BATS-2011-018).

⁶ See Registration Statement on Form N-1A for the Trust, dated February 7, 2019 (File Nos. 333-92935 and 811-09729). The descriptions of the Funds and the Shares contained

The Exchange notes that the Underlying Indexes, as defined below, currently meet the requirements of Rule 14.11(c)(4)(B)(i)(f) (the “90% Rule”),⁷ but the Exchange submits this proposal because, the Underlying Indexes may not meet this requirement in the future.⁸ As such, the Exchange is proposing to instead require that component securities that in aggregate account for at least 85% of the fixed income weight of the portfolio fall into at least one of five of the categories included in the 90% Rule. The Underlying Indexes currently meet and will continue to meet all other requirements of Rule 14.11(c)(4).⁹ If a Fund or the related Shares are not in

herein are based, in part, on information in the Registration Statement. The Commission has issued an order granting certain exemptive relief to the Trust under the Investment Company Act of 1940 (15 U.S.C. 80a-1) (“1940 Act”) (the “Exemptive Order”). See Investment Company Act Release No. 27661 (January 17, 2007) (File No. 812-13208).

⁷ Rule 14.11(c)(4)(B)(i)(f) provides that “component securities that in aggregate account for at least 90% of the Fixed Income Securities portion of the weight of the index or portfolio must be either: (1) from issuers that are required to file reports pursuant to Sections 13 and 15(d) of the Act; (2) from issuers that have a worldwide market value of its outstanding common equity held by non-affiliates of \$700 million or more; (3) from issuers that have outstanding securities that are notes, bonds, debentures, or evidence of indebtedness having a total remaining principal amount of at least \$1 billion; (4) exempted securities as defined in Section 3(a)(12) of the Act; or (5) from issuers that are a government of a foreign country or a political subdivision of a foreign country.” The Exchange instead is proposing that at least 85% of the fixed income weight of each portfolio will satisfy at least one of parts (1) through (5) described above.

⁸ As of January 31, 2019, the following percentages of the Fixed Income Securities portion of the weight of each respective Underlying Index satisfied the criteria of Rule 14.11(c)(4)(B)(i)(f): 91.24% of the 2021 Index; 91.03% of the 2022 Index; 93.55% of the 2023 Index; 96.22% of the 2024 Index; and 92.69% of the 2025 Index.

⁹ The Exchange notes that the Commission has recently approved a proposal to list and trade a series of Managed Fund Shares that would not comply with the equivalent of the 90% Rule for Managed Fund Shares, which is substantively identical to the 90% Rule. Specifically, that series was approved to list and trade on Nasdaq Stock Market LLC as long as the fund’s fixed income holdings that are not ABS and private MBS met the equivalent of the 90% Rule. The fund was allowed to hold up to 20% of the weight of the fixed income portion of the portfolio in ABS and private MBS, effectively reducing the threshold for compliance with the equivalent to the 90% Rule to 70%. Here, the Exchange is proposing only to reduce the compliance threshold for the 90% Rule to 85% and further believes that there are additional factors that further mitigate the policy

compliance with the applicable listing requirements, then, with respect to such Fund or Shares, the Exchange will commence delisting procedures under Exchange Rule 14.12.

Description of the Shares and the Funds

BlackRock Fund Advisors (“BFA”) is the investment adviser to the Funds.¹⁰ State Street Bank and Trust Company is the administrator, custodian, and transfer agent for the Trust. Bloomberg Index Services Limited is the index provider (the “Index Provider” or “Bloomberg”) for the Funds. BlackRock Investments, LLC serves as the distributor for the Trust.

Bloomberg Barclays 2021 Term High Yield and Income Index

According to the Registration Statement, the 2021 Fund will seek to track the investment results, before fees and expenses, of the Bloomberg Barclays 2021 Term High Yield and Income Index (the “2021 Index”), which is rebalanced monthly and composed of U.S. dollar-denominated, high yield and other income generating corporate bonds maturing in 2021.

The 2021 Index is composed of U.S. dollar-denominated, taxable, fixed-rate, high yield and BBB or equivalently rated (as determined by the Index Provider) corporate bonds scheduled to mature after December 31, 2020 and before December 15, 2021.

The bonds in the 2021 Index have \$250 million or more of outstanding face value at the time of inclusion. The non-U.S. corporate issuers included in the 2021 Index consist primarily of corporate bonds issued by companies domiciled in developed countries. The 2021 Fund will invest in non-U.S. issuers to the extent necessary for it to track the 2021 Index. Each bond included in the 2021 Index must be registered with the SEC, have been exempt from registration

concerns underlying the 90% Rule, as further discussed below. See Securities Exchange Act Release No. 84047 (September 6, 2018), 83 FR 46200 (September 12, 2018) (SR-NASDAQ-2017-128) (the “Approval Order”).

¹⁰ BFA is an indirect wholly owned subsidiary of BlackRock, Inc.

at issuance, or have been offered pursuant to Rule 144A under the Securities Act of 1933, as amended (the “1933 Act”).

The 2021 Index consists of bonds chosen from two sub-indices, the Bloomberg Barclays U.S. High Yield Index (the “High Yield Index”) and the Bloomberg Barclays U.S. Corporate Index (the “Corporate Index”), both of which are stripped of securities maturing outside of the maturity range defined above. BBB-rated bonds from the Corporate Index will be introduced to the 2021 Index under the following conditions occurring at rebalance: (1) in the last 2.5 years but before the last 6 months of the 2021 Index’s term, the 2021 Index will add BBB-rated bonds as constituent high yield bonds are called, no longer qualify for inclusion, or decline in value compared to a reference point set at 2.5 years from the 2021 Index’s term or (2) if, prior to the last 2.5 years remaining in the 2021 Index’s term, the market value of the high yield bonds in the 2021 Index declines below \$30 billion, the 2021 Index will add BBB-rated bonds to maintain a \$30 billion minimum market value for the 2021 Index. In the final year of the 2021 Index’s term, any principal and interest paid by index constituents is treated as follows: (1) during the first six months of the final year, the 2021 Index reinvests proceeds pro-rata into the remaining bonds in the 2021 Index, and (2) during the last six months of the final year, proceeds are not reinvested and are presumed to be held in cash while earning no interest.

Bloomberg Barclays 2022 Term High Yield and Income Index

According to the Registration Statement, the 2022 Fund will seek to track the investment results, before fees and expenses, of the Bloomberg Barclays 2022 Term High Yield and Income Index (the “2022 Index”), which is rebalanced monthly and composed of U.S. dollar-denominated, high yield and other income generating corporate bonds maturing in 2022.

The 2022 Index is composed of U.S. dollar-denominated, taxable, fixed-rate, high yield and BBB or equivalently rated (as determined the by Index Provider) corporate bonds scheduled to mature after December 31, 2021 and before December 15, 2022.

The bonds in the 2022 Index have \$250 million or more of outstanding face value at the time of inclusion. The non-U.S. corporate issuers included in the 2022 Index consist primarily of corporate bonds issued by companies domiciled in developed countries. The 2022 Fund will invest in non-U.S. issuers to the extent necessary for it to track the 2022 Index. Each bond included in the 2022 Index must be registered with the SEC, have been exempt from registration at issuance, or have been offered pursuant to Rule 144A under the 1933 Act.

The 2022 Index consists of bonds chosen from two sub-indices, the High Yield Index and the Corporate Index, both of which are stripped of securities maturing outside of the maturity range defined above. BBB-rated bonds from the Corporate Index will be introduced to the 2022 Index under the following conditions occurring at rebalance: (1) in the last 2.5 years but before the last 6 months of the 2022 Index's term, the 2022 Index will add BBB-rated bonds as constituent high yield bonds are called, no longer qualify for inclusion, or decline in value compared to a reference point set at 2.5 years from the 2022 Index's term or (2) if, prior to the last 2.5 years remaining in the 2022 Index's term, the market value of the high yield bonds in the 2022 Index declines below \$30 billion, the 2022 Index will add BBB-rated bonds to maintain a \$30 billion minimum market value for the 2022 Index. In the final year of the 2022 Index's term, any principal and interest paid by index constituents is treated as follows: (1) during the first six months of the final year, the 2022 Index reinvests proceeds pro-rata into the remaining bonds in the 2022 Index, and (2) during the last six months of the final year, proceeds are not reinvested and are presumed to be held in cash while earning no interest.

Bloomberg Barclays 2023 Term High Yield and Income Index

According to the Registration Statement, the 2023 Fund will seek to track the investment results, before fees and expenses, of the Bloomberg Barclays 2023 Term High Yield and Income Index (the “2023 Index”), which is rebalanced monthly and composed of U.S. dollar-denominated, high yield and other income generating corporate bonds maturing in 2023.

The 2023 Index is composed of U.S. dollar-denominated, taxable, fixed-rate, high yield and BBB or equivalently rated (as determined by the Index Provider) corporate bonds scheduled to mature after December 31, 2022 and before December 15, 2023.

The bonds in the 2023 Index have \$250 million or more of outstanding face value at the time of inclusion. The non-U.S. corporate issuers included in the 2023 Index consist primarily of corporate bonds issued by companies domiciled in developed countries. The 2023 Fund will invest in non-U.S. issuers to the extent necessary for it to track the 2023 Index. Each bond included in the 2023 Index must be registered with the SEC, have been exempt from registration at issuance, or have been offered pursuant to Rule 144A under the 1933 Act.

The 2023 Index consists of bonds chosen from two sub-indices, the High Yield Index and the Corporate Index, both of which are stripped of securities maturing outside of the maturity range defined above. BBB-rated bonds from the Corporate Index will be introduced to the 2023 Index under the following conditions occurring at rebalance: (1) in the last 2.5 years but before the last 6 months of the 2023 Index’s term, the 2023 Index will add BBB-rated bonds as constituent high yield bonds are called, no longer qualify for inclusion, or decline in value compared to a reference point set at 2.5 years from the 2023 Index’s term or (2) if, prior to the last 2.5 years remaining in the 2023 Index’s term, the market value of the high yield bonds in the 2023 Index declines below \$30 billion, the 2023 Index will add BBB-rated bonds to maintain a

\$30 billion minimum market value for the 2023 Index. In the final year of the 2023 Index's term, any principal and interest paid by index constituents is treated as follows: (1) during the first six months of the final year, the 2023 Index reinvests proceeds pro-rata into the remaining bonds in the 2023 Index, and (2) during the last six months of the final year, proceeds are not reinvested and are presumed to be held in cash while earning no interest.

Bloomberg Barclays 2024 Term High Yield and Income Index

According to the Registration Statement, the 2024 Fund will seek to track the investment results, before fees and expenses, of the Bloomberg Barclays 2024 Term High Yield and Income Index (the "2024 Index"), which is rebalanced monthly and composed of U.S. dollar-denominated, high yield and other income generating corporate bonds maturing in 2024.

The 2024 Index is composed of U.S. dollar-denominated, taxable, fixed-rate, high yield and BBB or equivalently rated (as determined by the Index Provider) corporate bonds scheduled to mature after December 31, 2023 and before December 15, 2024.

The bonds in the 2024 Index have \$250 million or more of outstanding face value at the time of inclusion. The non-U.S. corporate issuers included in the 2024 Index consist primarily of corporate bonds issued by companies domiciled in developed countries. The 2024 Fund will invest in non-U.S. issuers to the extent necessary for it to track the 2024 Index. Each bond included in the 2024 Index must be registered with the SEC, have been exempt from registration at issuance, or have been offered pursuant to Rule 144A under the 1933 Act.

The 2024 Index consists of bonds chosen from two sub-indices, the High Yield Index and the Corporate Index, both of which are stripped of securities maturing outside of the maturity range defined above. BBB-rated bonds from the Corporate Index will be introduced to the 2024 Index under the following conditions occurring at rebalance: (1) in the last 2.5 years but before

the last 6 months of the 2024 Index's term, the 2024 Index will add BBB-rated bonds as constituent high yield bonds are called, no longer qualify for inclusion, or decline in value compared to a reference point set at 2.5 years from the 2024 Index's term or (2) if, prior to the last 2.5 years remaining in the 2024 Index's term, the market value of the high yield bonds in the 2024 Index declines below \$30 billion, the 2024 Index will add BBB-rated bonds to maintain a \$30 billion minimum market value for the 2024 Index. In the final year of the 2024 Index's term, any principal and interest paid by index constituents is treated as follows: (1) during the first six months of the final year, the 2024 Index reinvests proceeds pro-rata into the remaining bonds in the 2024 Index, and (2) during the last six months of the final year, proceeds are not reinvested and are presumed to be held in cash while earning no interest.

Bloomberg Barclays 2025 Term High Yield and Income Index

According to the Registration Statement, the 2025 Fund will seek to track the investment results, before fees and expenses, of the Bloomberg Barclays 2025 Term High Yield and Income Index (the "2025 Index" and, collectively with the 2021 Index, the 2022 Index, the 2023 Index, and the 2024 Index, the "Underlying Indexes"), which is rebalanced monthly and composed of U.S. dollar-denominated, high yield and other income generating corporate bonds maturing in 2025.

The 2025 Index is composed of U.S. dollar-denominated, taxable, fixed-rate, high yield and BBB or equivalently rated (as determined by the Index Provider) corporate bonds scheduled to mature after December 31, 2024 and before December 15, 2025.

The bonds in the 2025 Index have \$250 million or more of outstanding face value at the time of inclusion. The non-U.S. corporate issuers included in the 2025 Index consist primarily of corporate bonds issued by companies domiciled in developed countries. The 2025 Fund will

invest in non-U.S. issuers to the extent necessary for it to track the 2025 Index. Each bond included in the 2025 Index must be registered with the SEC, have been exempt from registration at issuance, or have been offered pursuant to Rule 144A under the 1933 Act.

The 2025 Index consists of bonds chosen from two sub-indices, the High Yield Index and the Corporate Index, both of which are stripped of securities maturing outside of the maturity range defined above. BBB-rated bonds from the Corporate Index will be introduced to the 2025 Index under the following conditions occurring at rebalance: (1) in the last 2.5 years but before the last 6 months of the 2025 Index's term, the 2025 Index will add BBB-rated bonds as constituent high yield bonds are called, no longer qualify for inclusion, or decline in value compared to a reference point set at 2.5 years from the 2025 Index's term or (2) if, prior to the last 2.5 years remaining in the 2025 Index's term, the market value of the high yield bonds in the 2025 Index declines below \$30 billion, the 2025 Index will add BBB-rated bonds to maintain a \$30 billion minimum market value for the 2025 Index. In the final year of the 2025 Index's term, any principal and interest paid by index constituents is treated as follows: (1) during the first six months of the final year, the 2025 Index reinvests proceeds pro-rata into the remaining bonds in the 2025 Index, and (2) during the last six months of the final year, proceeds are not reinvested and are presumed to be held in cash while earning no interest.

Portfolio Holdings

According to the Registration Statement, under Normal Market Conditions,¹¹ each Fund generally will invest at least 90% of its assets in the component securities of its respective

¹¹ For purposes of this proposal and consistent with the definition in Rule 14.11(i)(3)(E) applicable to Managed Fund Shares, the term "Normal Market Conditions" includes, but is not limited to, the absence of trading halts in the applicable financial markets generally; operational issues causing dissemination of inaccurate market information or

Underlying Index, except during the last months of the Fund's operations, as described below. A Fund may also invest in other ETFs in order to obtain indirect exposure to such component securities.¹² A Fund may also invest up to 10% of its respective assets in certain listed derivatives, including futures, options and swap contracts,¹³ U.S. government securities, short-term paper, cash and cash equivalents, including shares of money market funds advised by BFA or its affiliates, cash and cash equivalents, as well as in securities not included in the Underlying Index, but which BFA believes will help the Fund track the Underlying Index.

From time to time when conditions warrant, however, a Fund may invest at least 80% of its assets in the component securities of its respective Underlying Index. In the last months of a Fund's operation, as the bonds held by the Fund mature, the proceeds will not be reinvested by the Fund in bonds but instead will be held in cash and cash equivalents. By December 15 of each Fund's respective expiration year, the Fund's Underlying Index is expected to consist almost entirely of cash earned in this manner. Around the same time, the Fund will wind up and terminate, and its net assets will be distributed to then-current shareholders pursuant to a plan of liquidation.

system failures; or force majeure type events such as natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption, or any similar intervening circumstance.

¹² For purposes of this proposal, the term ETF means Portfolio Depositary Receipts, Index Fund Shares, and Managed Fund Shares as defined in Rule 14.11(b), 14.11(c), and 14.11(i), respectively, and their equivalents on other national securities exchanges.

¹³ Such futures, options and swap contracts will include only the following: interest rate futures, interest rate options, and interest rate swaps. The derivatives will be centrally cleared and they will be collateralized. At least 90% of the Fund's net assets that are invested in listed derivatives will be invested in instruments that trade in markets that are members or affiliates of members of the Intermarket Surveillance Group ("ISG") or are parties to a comprehensive surveillance sharing with the Exchange.

Discussion

Based on the characteristics of the Underlying Indexes and the representations made in the Requirements for Index Constituents sections above, the Exchange believes it is appropriate to allow the listing and trading of the Shares. The Underlying Indexes and Funds each currently satisfy all of the generic listing requirements for Index Fund Shares based on a fixed income index. The Underlying Indexes and the Funds will also continue to satisfy all such generic listing requirements, with the possible exception to the 90% Rule. In the event that an Underlying Index no longer satisfies the 90% Rule, the Exchange is only requesting that the threshold applicable to the 90% Rule be lowered from 90% to 85% and will commence delisting procedures under Rule 14.12 for a Fund for which less than 85% of the weight of its respective Underlying Index satisfies one of the five applicable categories under the 90% Rule. Further, if a Fund or the related Shares are not in compliance with the applicable listing requirements under Rule 14.11(c)(4), then, with respect to such Fund or Shares, the Exchange will commence delisting procedures under Exchange Rule 14.12.

As such, the Exchange believes that this proposed limited exception to the 90% Rule is consistent with the Act for several reasons. Specifically, the Exchange believes that the limited nature of the proposed exception combined with the minimum size requirements applicable to each Underlying Index (a minimum outstanding face value of \$250 million at the time of inclusion) act to mitigate the policy concerns which the 90% Rule is intended to address. With a minimum outstanding face value of \$250 million, the issuances included in the Underlying Indexes will be large enough that such the types of instruments included in the Index will be more liquid and less susceptible to manipulation than smaller issuances that could otherwise be allowed under the generic listing standards. Further, this proposal is only seeking to reduce the

possible weight of index constituents that meet the 90% Rule from 90% to 85%. Combining this minimal exception with the additional liquidity and lower likelihood of manipulation associated with the increased minimum outstanding face value of the issuance, the Exchange firmly believes that the concerns related to manipulation that underly the generic listing standards are sufficiently mitigated.

Further, the Exchange believes that this proposal is designed to address a near-miss of the generic listing standards because under current market conditions each of the Underlying Indexes meet the generic listing standards under Rule 14.11(c), and this proposed limited exception to the 90% Rule is designed to ensure that the Underlying Indexes would continue to meet the applicable continued listing standards under a broader array of possible future market conditions. Similarly, because the Funds could today (and potentially indefinitely into the future) be listed on the Exchange pursuant to the generic listing standards, such a limited exception provides investors with certainty as to whether the Funds will continue to be listed on the Exchange going forward. Finally, the Exchange is only proposing a reduction of the applicable standard from 90% to 85%, as noted above.

In addition, the Exchange represents that: (1) except for Rule 14.11(c)(4)(B)(i)(b), each Underlying Index currently satisfies all of the generic listing standards under Rule 14.11(c)(4); (2) the continued listing standards under Rule 14.11(c), as applicable to Index Fund Shares based on fixed income securities, will apply to the Shares; and (3) the issuer of the Funds is required to comply with Rule 10A-3¹⁴ under the Act for the initial and continued listing of the Shares. In addition, the Exchange represents that each Fund will comply with all other requirements applicable to Index Fund Shares, including, but not limited to, requirements relating to the

¹⁴ 17 CFR 240.10A-3.

dissemination of key information such as the value of the Underlying Indexes and the Intraday Indicative Value (“IIV”),¹⁵ rules governing the trading of equity securities, trading hours, trading halts, surveillance, information barriers and the Information Circular, as set forth in the Exchange rules applicable to Index Fund Shares and prior Commission orders approving the generic listing rules applicable to the listing and trading of Index Fund Shares.

The current value of each Underlying Index will be widely disseminated by one or more major market data vendors at least once per day, as required by Rule 14.11(c)(4)(C)(ii). The portfolio of securities and other assets held by each Fund will be disclosed daily on its respective website at www.ishares.com. Further, each Fund’s website will contain the Fund’s prospectus and additional data relating to net asset value (“NAV”) and other applicable quantitative information. The issuer has represented that the NAV of each Fund will be calculated daily and will be made available to all market participants at the same time. The Index Provider is not a broker-dealer and is not affiliated with a broker-dealer. To the extent that the Index Provider becomes a broker-dealer or becomes affiliated with a broker-dealer, the Index Provider will implement and will maintain a “fire wall” around the personnel who have access to information concerning changes and adjustments to each Underlying Index and each Underlying Index shall be calculated by a third party who is not a broker-dealer or fund advisor. In addition, any advisory committee, supervisory board or similar entity that advises the Index Provider or that makes decisions on each Index, methodology and related matters, will implement and maintain,

¹⁵ The IIV will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Exchange’s Regular Trading Hours. Currently, it is the Exchange’s understanding that several major market data vendors display and/or make widely available IIVs taken from the Consolidated Tape Association (“CTA”) or other data feeds.

or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the Underlying Indexes.

The Exchange's existing rules require that the issuer of the Funds notify the Exchange of any material change to the methodology used to determine the composition of an Underlying Index and, therefore, if the methodology of an Underlying Index was to be changed in a manner that would materially alter its existing composition, the Exchange would have advance notice and would evaluate the modifications to determine whether that Underlying Index remained sufficiently broad-based and well diversified.

Availability of Information

The Funds' website, which will be publicly available prior to the public offering of Shares, will include a form of the prospectus for the Funds that may be downloaded. The website will include additional quantitative information updated on a daily basis, including, for each Fund: (1) the prior business day's reported NAV, daily trading volume, and a calculation of the premium and discount of the Bid/Ask Price against the NAV; and (2) data in chart format displaying the frequency distribution of discounts and premiums of the daily Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters. Daily trading volume information for the Shares will also be available in the financial section of newspapers, through subscription services such as Bloomberg, Thomson Reuters, and International Data Corporation, which can be accessed by authorized participants and other investors, as well as through other electronic services, including major public websites. On each business day, each Fund will disclose on its website the identities and quantities of the portfolio of securities and other assets in the daily disclosed portfolio held by the Fund that formed the basis for the Fund's calculation of NAV at the end of the previous business day. The daily

disclosed portfolio will include, as applicable: the ticker symbol; CUSIP number or other identifier, if any; a description of the holding (including the type of holding, such as the type of swap); the identity of the security, index or other asset or instrument underlying the holding, if any; for options, the option strike price; quantity held (as measured by, for example, par value, notional value or number of shares, contracts, or units); maturity date, if any; coupon rate, if any; effective date, if any; market value of the holding; and the percentage weighting of the holding in each Fund's portfolio. The website and information will be publicly available at no charge. The value, components, and percentage weightings of each Underlying Index will be calculated and disseminated at least once daily and will be available from major market data vendors. Rules governing each Fund's respective Underlying Indexes are available on Bloomberg's website and in the applicable Fund's prospectus.

In addition, an estimated value, defined in BZX Rule 14.11(c)(6)(A) as the IIV that reflects an estimated intraday value of each Fund's portfolio, will be disseminated. Moreover, the IIV will be based upon the current value for the components of the daily disclosed portfolio and will be updated and widely disseminated by one or more major market data vendors at least every 15 seconds during the Exchange's Regular Trading Hours.¹⁶ In addition, the quotations of certain of a Fund's holdings may not be updated during U.S. trading hours if updated prices cannot be ascertained.

The dissemination of the IIV, together with the daily disclosed portfolio, will allow investors to determine the value of the underlying portfolio of each Fund on a daily basis and provide a close estimate of that value throughout the trading day.

¹⁶ Currently, it is the Exchange's understanding that several major market data vendors display and/or make widely available IIVs published via the CTA or other data feeds.

Quotation and last sale information for the Shares will be available via the CTA high speed line. Price information regarding corporate bonds and other non-exchange traded assets including certain derivatives, money market funds and other instruments, and repurchase agreements is available from third party pricing services and major market data vendors. For exchange-traded assets, including futures, and certain options, such intraday information is available directly from the applicable listing exchange. In addition, price information for U.S. exchange-traded options will be available from the Options Price Reporting Authority.

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.¹⁷

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 with other markets and other entities that are members of

¹⁷ 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.

the ISG, and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in the Shares from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares 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 Funds reported to FINRA's Trade Reporting and Compliance Engine ("TRACE").

2. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act¹⁸ in general and Section 6(b)(5) of the Act¹⁹ in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

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 for Index Fund Shares based on a fixed income index in Rule 14.11(c)(4), with the possible exception of the 90% Rule. In the event that an Underlying Index no longer satisfies the 90% Rule, the Exchange is only requesting that the threshold applicable to the 90% Rule be lowered from 90% to 85% and will commence delisting

¹⁸ 15 U.S.C. 78f.

¹⁹ 15 U.S.C. 78f(b)(5).

procedures under Rule 14.12 for a Fund for which less than 85% of the weight of its respective Underlying Index satisfies one of the five applicable categories under the 90% Rule.

As such, the Exchange believes that this proposed limited exception to the 90% Rule is consistent with the Act for several reasons. Specifically, the Exchange believes that the limited nature of the proposed exception combined with the minimum size requirements applicable to each Underlying Index (a minimum outstanding face value of \$250 million at the time of inclusion) act to mitigate the policy concerns which the 90% Rule is intended to address. With a minimum outstanding face value of \$250 million, the issuances included in the Underlying Indexes will each be at least 2.5 times as large as the threshold provided in Rule 14.11(c)(4)(B)(i)(b), generally making such issuances more liquid and less susceptible to manipulation than smaller issuances that would be allowed under the generic listing standards. Further, this proposal is only seeking to reduce the possible weight of index constituents that meet the 90% Rule from 90% to 85%. Combining this minimal exception with the additional liquidity and lower likelihood of manipulation associated with the increased minimum outstanding face value of the issuance, the Exchange firmly believes that the concerns related to manipulation that underly the generic listing standards are sufficiently mitigated.

Further, under current market conditions each of the Underlying Indexes meet the generic listing standards under Rule 14.11(c), and this proposed limited exception to the 90% Rule is designed to ensure that the Underlying Indexes would continue to meet the applicable continued listing standards under a broader array of possible future market conditions. Similarly, because the Funds could today (and potentially indefinitely into the future) be listed on the Exchange pursuant to the generic listing standards, allowing such a limited exception provides investors with certainty as to whether the Funds will continue to be listed on the Exchange going forward.

Finally, the Exchange is only proposing a reduction of the applicable standard from 90% to 85%, as noted above.

The Exchange represents that trading in the Shares will be subject to the existing trading surveillances administered by the Exchange as well as cross-market surveillances administered by the FINRA on behalf of the Exchange, which are designed to detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange. 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. The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares with other markets that are members of the ISG. In addition, the Exchange will communicate as needed regarding trading in the Shares with other markets that are members of the ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. FINRA, on behalf of the Exchange, is able to access, as needed, trade information for certain fixed income securities held by the Funds reported to TRACE.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that a large amount of information is publicly available regarding each Fund, thereby promoting market transparency. Each Fund's portfolio holdings will be disclosed on its respective website daily after the close of trading on the Exchange. Moreover, the IIV for the Shares will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Exchange's Regular Trading Hours. The current value of each Underlying Index will be disseminated by one or more major market data vendors at least once per day. 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, and quotation and last sale information will be available via the CTA high-speed line. The website for the Funds will include the prospectus for each Fund and additional data relating to NAV and other applicable quantitative information.

If the Exchange becomes aware that a Fund's NAV is not being disseminated to all market participants at the same time, it will halt trading in the applicable Fund's Shares until such time as the NAV is available to all market participants. With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares. 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. If the IIV and index value are not being disseminated for a Fund as required, the Exchange may halt trading during the day in which the interruption to the dissemination of the IIV or index value occurs. If the interruption to the dissemination of an IIV or index value persists past the trading day in which it occurred, the Exchange will halt trading. The Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares. The Exchange will halt trading in the Shares under the conditions specified in BZX Rule 11.18. Trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) the extent to which trading is not occurring in the securities and/or the financial instruments composing the daily disclosed portfolio of a Fund; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. In addition, investors will have ready access to information regarding the applicable IIV, and quotation and last sale information for the Shares.

All statements and representations made in this filing regarding the composition of the Underlying Indexes, the description of the portfolio or reference assets, limitations on portfolio

holdings or reference assets, dissemination and availability of index, reference asset, and IIV, or the applicability of Exchange listing rules shall constitute continued listing requirements for listing the Shares on the Exchange. The issuer is required to advise the Exchange of any failure by a 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 a Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under Rule 14.12.

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 several new exchange-traded products that will enhance competition among market participants, to the benefit of investors and the marketplace. 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, investors will have ready access to information regarding the IIV and quotation and last sale information for the Shares.

For the above reasons, the Exchange believes that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act.

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 three additional exchange-traded products 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

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

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act²⁰ and Rule 19b-4(f)(6) thereunder.²¹

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act²² normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)²³ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay so that the proposed rule change may become operative upon filing. The Exchange asserts that the limited extent of the Funds' deviation from the generic listing standards' 90% Rule, combined with the Funds' holdings having a minimum outstanding face value that is 2.5 times larger than the threshold in the generic listing standards, sufficiently

²⁰ 15 U.S.C. 78s(b)(3)(A).

²¹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

²² 17 CFR 240.19b-4(f)(6).

²³ 17 CFR 240.19b-4(f)(6)(iii).

mitigates concerns related to manipulation. Further, according to the Exchange, waiver of the 30-day operative delay would facilitate the listing and trading of additional exchange-traded products that will enhance competition among market participants, to the benefit of investors and the marketplace. For those reasons, the Exchange asserts that waiver of the operative delay would be consistent with the protection of investors and the public interest. The Commission believes that the proposal raises no new or substantive issues and that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. The Commission hereby waives the operative delay and designates the proposed rule change operative upon filing.²⁴

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or 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

²⁴ For purposes only of waiving the 30-day operative delay, the Commission also has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CboeBZX-2019-035 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-CboeBZX-2019-035. 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-CboeBZX-2019-035 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.²⁵

Eduardo A. Aleman
Deputy Secretary

²⁵ 17 CFR 200.30-3(a)(12).