

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-73141; File No. SR-NYSEArca-2014-100)

September 18, 2014

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change Relating to Listing and Trading of Shares of the SPDR SSgA Global Managed Volatility ETF under NYSE Arca Equities Rule 8.600

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the “Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that, on September 5, 2014, 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 and II 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 SPDR SSgA Global Managed Volatility ETF under NYSE Arca Equities Rule 8.600. The text of the proposed rule change is available on the Exchange’s website at www.nyse.com, at the principal office of the Exchange, 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 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

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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 following under NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares⁴: SPDR SSgA Global Managed Volatility ETF (“Fund”).⁵

The Shares will be offered by SSgA Active ETF Trust (the “Trust”), which is organized as a Massachusetts business trust and is registered with the Commission as an open-end management investment company.⁶ SSgA Funds Management, Inc. will serve as the investment

⁴ 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 Equities Rule 5.2(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.

⁵ The Commission has previously approved listing and trading on the Exchange of a number of actively managed funds under Rule 8.600. See, e.g., Securities Exchange Act Release Nos. 57801 (May 8, 2008), 73 FR 27878 (May 14, 2008) (SR-NYSEArca-2008-31) (order approving Exchange listing and trading of twelve actively-managed funds of the WisdomTree Trust); 62502 (July 15, 2010), 75 FR 42471 (July 21, 2010) (SR-NYSEArca-2010-57) (order approving listing and trading of AdviserShares WCM/BNY Mellon Focused Growth ADR ETF); 63076 (October 12, 2010), 75 FR 63874 (October 18, 2010) (SR-NYSEArca-2010-79) (order approving listing and trading of Cambria Global Tactical ETF); 71540 (February 12, 2014), 79 FR 9515 (February 19, 2014) (SR-NYSEArca-2013-138) (order approving listing and trading of shares of the iShares Enhanced International Large-Cap ETF and iShares Enhanced International Small-Cap ETF).

⁶ The Trust is registered under the 1940 Act. On September 20, 2012, the Trust filed with the Commission an amendment to its registration statement on Form N-1A under the

adviser to the Fund (the “Adviser” or “SSgA FM”). State Street Global Markets, LLC (the “Distributor”) will be the principal underwriter and distributor of the Fund’s Shares. State Street Bank and Trust Company (the “Administrator”, “Custodian” or “Transfer Agent”) will serve as administrator, custodian and transfer agent for the Fund.

Commentary .06 to Rule 8.600 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 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. In addition, 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.⁷ Commentary .06 to Rule 8.600 is similar to Commentary .03(a)(i) and (iii) to

Securities Act of 1933 (15 U.S.C. 77a) (“Securities Act”), and under the 1940 Act relating to the Fund (File Nos. 333-173276 and 811-22542) (“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. 29524 (December 13, 2010) (File No. 812-13487) (“Exemptive Order”).

⁷ 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 Adviser and its 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 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)

NYSE Arca Equities Rule 5.2(j)(3); however, Commentary .06 in connection with the establishment of a “fire wall” between the investment adviser and the broker-dealer reflects the applicable open-end fund’s portfolio, not an underlying benchmark index, as is the case with index-based funds. The Adviser is not a registered broker-dealer but is affiliated with a broker-dealer and has implemented a “fire wall” with respect to such broker-dealer regarding access to information concerning the composition and/or changes to the Fund’s portfolio. In the event (a) the Adviser or any sub-adviser becomes registered as a broker-dealer or newly affiliated with a broker-dealer, or (b) any new adviser or sub-adviser is a registered broker-dealer or becomes affiliated with a broker-dealer, it will implement 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 portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio.

Principal Investment Policies

According to the Registration Statement, the Fund will seek to provide competitive long-term returns while maintaining low long-term volatility relative to the broad global market. Under normal circumstances,⁸ the Fund will invest all of its assets in the SSgA Global Managed Volatility Portfolio (the “Portfolio”), a separate series of the SSgA Master Trust with an identical

responsible for administering the policies and procedures adopted under subparagraph (i) above.

⁸ The term “under normal circumstances” includes, but is not limited to, the absence of extreme volatility or trading halts in the equity markets or the financial markets generally; operational issues causing dissemination of inaccurate market information; or force majeure type events such as systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.

investment objective as the Fund. As a result, the Fund will invest indirectly through the Portfolio.

The Adviser will utilize a proprietary quantitative investment process to select a portfolio of exchange-listed and traded equity securities that the Adviser believes will exhibit low volatility and provide competitive long-term returns relative to the broad global market.⁹ The Portfolio will invest its assets in both U.S. and foreign investments. The Portfolio will generally invest at least 80% of its net assets in global equity securities and at least 30% of its net assets in global equity securities of issuers economically tied to countries other than the United States and will generally hold securities of issuers economically tied to at least three countries, including the United States. The Portfolio may purchase exchange-listed and traded common stocks and preferred securities of U.S. and foreign corporations.¹⁰ The Adviser expects to favor securities with low exposure to market risk factors and low security-specific risk. The Adviser will

⁹ Volatility is a statistical measurement of the magnitude of up and down fluctuations in the value of a financial instrument or index over time. Volatility may result in rapid and dramatic price swings.

¹⁰ Investments in common stock of foreign corporations may also be in the form of American Depositary Receipts (“ADRs”), Global Depositary Receipts (“GDRs”) and European Depositary Receipts (“EDRs”) (collectively “Depositary Receipts”). Depositary Receipts are receipts, typically issued by a bank or trust company, which evidence ownership of underlying securities issued by a foreign corporation. For ADRs, the depository is typically a U.S. financial institution and the underlying securities are issued by a foreign issuer. For other Depositary Receipts, the depository may be a foreign or a U.S. entity, and the underlying securities may have a foreign or a U.S. issuer. Depositary Receipts will not necessarily be denominated in the same currency as their underlying securities. Generally, ADRs, in registered form, are designed for use in the U.S. securities market, and EDRs, in bearer form, are designated for use in European securities markets. GDRs are tradable both in the United States and in Europe and are designed for use throughout the world. The Portfolio may invest in unsponsored Depositary Receipts. The issuers of unsponsored Depositary Receipts are not obligated to disclose material information in the United States, and, therefore, there may be less information available regarding such issuers and there may not be a correlation between such information and the market value of the Depositary Receipts. Unsponsored Depositary Receipts will not exceed 10% of the Fund’s net assets.

consider market risk factors to include, among others, a security's size, momentum, value, liquidity, leverage and growth. While the Adviser will attempt to manage the Fund's volatility exposure to stabilize performance, there can be no guarantee that the Fund will reach its target volatility. Additionally, the Adviser will implement risk constraints at the security, industry, size exposure, and sector levels. Through this quantitative process of security selection and portfolio diversification, the Adviser expects that the Portfolio will be subject to a low level of absolute risk (as defined by standard deviation of returns) and thus should exhibit low volatility over the long term.

The Fund is intended to be managed in a "master-feeder" structure, under which the Fund will invest substantially all of its assets in a corresponding Portfolio (i.e., a "master fund"), which is a separate 1940 Act-registered mutual fund that has an identical investment objective.¹¹ As a result, the Fund (i.e., the "feeder fund") will have an indirect interest in all of the securities owned by the corresponding Portfolio. Because of this indirect interest, the Fund's investment returns should be the same as those of the Portfolio, adjusted for the expenses of the Fund. In extraordinary instances, the Fund reserves the right to make direct investments in securities.

The Adviser will manage the investments of the Portfolio. Under the master-feeder arrangement, and pursuant to the investment advisory agreement between the Adviser and the Trust, investment advisory fees charged at the Portfolio level will be deducted from the advisory fees charged at the Fund level. This arrangement avoids a "layering" of fees, e.g., the Fund's

¹¹ The Adviser represents that, in general, the Portfolio (i.e., the master fund) will be where investments will be held, which investments will primarily consist of equity securities; and may, to a lesser extent, include other investments as described under "Non-Principal Investment Policies" below. The Fund (i.e., the feeder fund) will invest in shares of the Portfolio and will not invest in investments described under "Non-Principal Investment Policies", but may be exposed to such investments by means of the Fund's investment in shares of the Portfolio. In extraordinary instances, the Fund reserves the right to make direct investments in equity securities and other investments.

total annual operating expenses would be no higher as a result of investing in a master-feeder arrangement than they would be if the Fund pursued its investment objectives directly. In addition, the Fund may discontinue investing through the master-feeder arrangement and pursue its investment objectives directly if the Fund's Board of Trustees ("Board") determines that doing so would be in the best interests of shareholders.

The exchange-listed and traded equity securities in which the Portfolio would be permitted to invest will be limited to: 1) equity securities that trade in markets that are members of the Intermarket Surveillance Group ("ISG") or are parties to a comprehensive surveillance sharing agreement ("CSSA") with the Exchange or, 2) "Actively-Traded Securities" as defined in Regulation M ("Reg M") under the Act that are traded on U.S. and non-U.S. exchanges with last sale reporting.¹²

The Portfolio and Fund do not intend to concentrate their investments in any particular industry. The Portfolio and Fund will look to the Global Industry Classification Standard ("GICS") Level 3 (Industries) in making industry determinations.¹³

The Portfolio may invest in exchange-traded preferred securities. Preferred securities pay fixed or adjustable rate dividends to investors, and have "preference" over common stock in the payment of dividends and the liquidation of a company's assets.

¹² Rule 101 under Reg M defines Actively-Traded Securities as securities that have an average daily trading volume ("ADTV") of at least \$1 million and are issued by an issuer whose common equity securities have a public float value of at least \$150 million. Rule 102 includes an analogous definition for actively-traded reference securities.

¹³ GICS classifications can be found on the Standard & Poor's website at <http://www.us.spindices.com/search/?query=gics+map>.

Non-Principal Investment Policies

In certain situations or market conditions, in order to take temporary defensive positions, the Fund may (either directly or through the Portfolio) temporarily depart from its normal investment policies and strategies provided that the alternative is consistent with the Fund's investment objective and is in the best interest of the Fund. For example, the Fund may hold a higher than normal proportion of its assets in cash in times of extreme market stress.

According to the Registration Statement, in addition to the principal investments described above, the Portfolio may invest its remaining net assets in other investments, as described below. The investment practices of the Portfolio are the same in all material respects to those of the Fund.

The Portfolio may invest in U.S. Government obligations. U.S. Government obligations are a type of bond. U.S. Government obligations include securities issued or guaranteed as to principal and interest by the U.S. Government, its agencies or instrumentalities.¹⁴

¹⁴ One type of U.S. Government obligation, U.S. Treasury obligations, are backed by the full faith and credit of the U.S. Treasury and differ only in their interest rates, maturities, and times of issuance. U.S. Treasury bills have initial maturities of one-year or less; U.S. Treasury notes have initial maturities of one to ten years; and U.S. Treasury bonds generally have initial maturities of greater than ten years. Other U.S. Government obligations are issued or guaranteed by agencies or instrumentalities of the U.S. Government including, but not limited to, Federal National Mortgage Association ("Fannie Mae"), the Government National Mortgage Association ("Ginnie Mae"), the Small Business Administration, the Federal Farm Credit Administration, the Federal Home Loan Mortgage Corporation ("FHLMC"), the Federal Home Loan Banks, Banks for Cooperatives (including the Central Bank for Cooperatives), the Federal Land Banks, the Federal Intermediate Credit Banks, the Tennessee Valley Authority, the Export-Import Bank of the United States, the Commodity Credit Corporation, the Federal Financing Bank, the National Credit Union Administration and the Federal Agricultural Mortgage Corporation. Some obligations issued or guaranteed by U.S. Government agencies and instrumentalities, including, for example, Ginnie Mae pass-through certificates, are supported by the full faith and credit of the U.S. Treasury.

The Portfolio may purchase U.S. registered, dollar-denominated bonds of foreign corporations, governments, agencies and supra-national entities.

The Portfolio may invest in restricted securities. Restricted securities are securities that are not registered under the Securities Act, but which can be offered and sold to “qualified institutional buyers” under Rule 144A under the Securities Act. When Rule 144A restricted securities present an attractive investment opportunity and meet other selection criteria, the Portfolio may make such investments depending on the market that exists for the particular security. The Board has delegated the responsibility for determining the liquidity of Rule 144A restricted securities that the Portfolio may invest in to the Adviser.¹⁵

The Portfolio may conduct foreign currency transactions on a spot (i.e., cash) or forward basis (i.e., by entering into forward contracts to purchase or sell foreign currencies).

The Portfolio may invest in exchange-traded products (“ETPs”), including exchange-traded funds (“ETFs”) registered under the 1940 Act; exchange traded commodity trusts; and exchange-traded notes (“ETNs”).¹⁶

¹⁵ In reaching liquidity decisions, the Adviser may consider the following factors: the frequency of trades and quotes for the security; the number of dealers wishing to purchase or sell the security and the number of other potential purchasers; dealer undertakings to make a market in the security; and the nature of the security and the nature of the marketplace in which it trades (e.g., the time needed to dispose of the security, the method of soliciting offers and the mechanics of transfer) and the nature of the marketplace trades (e.g., the time needed to dispose of the security, the method of soliciting offers, and the mechanics of transfer) [sic].

¹⁶ For purposes of this filing, ETPs include Investment Company Units (as described in NYSE Arca Equities Rule 5.2(j)(3)); Index-Linked Securities (as described in NYSE Arca Equities Rule 5.2(j)(6)); Portfolio Depositary Receipts (as described in NYSE Arca Equities Rule 8.100); Trust Issued Receipts (as described in NYSE Arca Equities Rule 8.200); Commodity-Based Trust Shares (as described in NYSE Arca Equities Rule 8.201); Currency Trust Shares (as described in NYSE Arca Equities Rule 8.202); Commodity Index Trust Shares (as described in NYSE Arca Equities Rule 8.203); and Managed Fund Shares (as described in NYSE Arca Equities Rule 8.600). The Portfolio may invest in ETFs managed by the Adviser. The Adviser may receive management or

In addition, the Portfolio may invest in the securities of other investment companies, including money market funds and exchange-traded closed-end funds, subject to applicable limitations under Section 12(d)(1) of the 1940 Act.¹⁷ The Portfolio may invest up to 25% of its total assets in one or more ETPs that are qualified publicly traded partnerships (“QPTPs”) and whose principal activities are the buying and selling of commodities or options, futures, or forwards with respect to commodities.¹⁸ A QPTP is an entity that is treated as a partnership for federal income tax purposes, subject to certain requirements. If such an ETP fails to qualify as a QPTP, the income generated from the Portfolio’s investment in the ETP may not comply with

other fees from the ETPs in which the Portfolio or Fund may invest, as well as a management fee for managing the Fund. The ETPs all will be listed and traded in the U.S. on national securities exchanges.

¹⁷ The Fund will invest substantially all of its assets in the Portfolio. Pursuant to Section 12(d)(1) of the 1940 Act, a fund may invest in the securities of another investment company (the “acquired company”) provided that the fund, immediately after such purchase or acquisition, does not own in the aggregate: (i) more than 3% of the total outstanding voting stock of the acquired company; (ii) securities issued by the acquired company having an aggregate value in excess of 5% of the value of the total assets of the fund; (iii) securities issued by the acquired company and all other investment companies (other than Treasury stock of the fund) having an aggregate value in excess of 10% of the value of the total assets of the fund; or (iv) in the case of investment in a closed-end fund, more than 10% of the total outstanding voting stock of the acquired company. The Fund may also invest in the securities of other investment companies if such securities are the only investment securities held by the Fund, such as through a master-feeder arrangement. The Fund currently will pursue its investment objective through such an arrangement. To the extent allowed by law, regulation, the Fund’s investment restrictions and the Trust’s exemptive relief, the Fund may invest its assets in securities of investment companies that are money market funds, including those advised by the Adviser or otherwise affiliated with the Adviser, in excess of the limits discussed above.

¹⁸ Examples of such entities are the PowerShares DB Energy Fund, PowerShares DB Oil Fund, PowerShares DB Precious Metals Fund, PowerShares DB Gold Fund, PowerShares DB Silver Fund, PowerShares DB Base Metals Fund, and PowerShares DB Agriculture Fund, which are listed and traded on the Exchange pursuant to NYSE Arca Equities Rule 8.200.

certain income tests necessary for the Portfolio to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code.¹⁹

The Portfolio may invest in exchange-traded shares of real estate investment trusts (“REITs”).

The Portfolio may invest in repurchase agreements with commercial banks, brokers or dealers to generate income from its excess cash balances and to invest securities lending cash collateral. A repurchase agreement is an agreement under which a fund acquires a financial instrument (e.g., a security issued by the U.S. government or an agency thereof, a banker’s acceptance or a certificate of deposit) from a seller, subject to resale to the seller at an agreed upon price and date (normally, the next business day). A repurchase agreement may be considered a loan collateralized by securities. The resale price reflects an agreed upon interest rate effective for the period the instrument is held by a fund and is unrelated to the interest rate on the underlying instrument.

The Portfolio may enter into reverse repurchase agreements, which involve the sale of securities with an agreement to repurchase the securities at an agreed-upon price, date and interest payment and have the characteristics of borrowing. The securities purchased with the funds obtained from the agreement and securities collateralizing the agreement will have maturity dates no later than the repayment date. Generally the effect of such transactions is that a fund can recover all or most of the cash invested in the portfolio securities involved during the term of the reverse repurchase agreement, while in many cases a fund is able to keep some of the interest income associated with those securities.

¹⁹ 26 U.S.C. 851.

In addition to repurchase agreements, the Portfolio may invest in short-term instruments, including money market instruments, (including money market funds advised by the Adviser), cash and cash equivalents, on an ongoing basis to provide liquidity or for other reasons. Money market instruments are generally short-term investments that may include but are not limited to: (i) shares of money market funds; (ii) obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities (including government-sponsored enterprises); (iii) negotiable certificates of deposit (“CDs”), bankers’ acceptances, fixed time deposits and other obligations of U.S. and foreign banks (including foreign branches) and similar institutions; (iv) commercial paper rated at the date of purchase “Prime-1” by Moody’s or “A-1” by Standard & Poor’s, or if unrated, of comparable quality as determined by the Adviser²⁰; (v) non-convertible corporate debt securities (e.g., bonds and debentures) with remaining maturities at the date of purchase of not more than 397 days and that satisfy the rating requirements set forth in Rule 2a-7 under the 1940 Act; (vi) short-term U.S. dollar-denominated obligations of foreign banks (including U.S. branches) that, in the opinion of the Adviser, are of comparable quality to obligations of U.S. banks which may be purchased by the Portfolio; and (vii) variable rate demand notes.

Investment Restrictions

According to the Registration Statement, the Portfolio and the Fund will be classified as a “non-diversified” investment company under the 1940 Act.²¹ A non-diversified classification means that the Portfolio or Fund is not limited by the 1940 Act with regard to the percentage of

²⁰ Commercial paper consists of short-term, promissory notes issued by banks, corporations and other entities to finance short-term credit needs. These securities generally are discounted but sometimes may be interest bearing.

²¹ A "non-diversified company", as defined in Section 5(b)(2) of the 1940 Act, means any management company other than a diversified company (as defined in Section 5(b)(1) of the 1940 Act).

its assets that may be invested in the securities of a single issuer. This means that the Portfolio or Fund may invest a greater portion of its assets in the securities of a single issuer than a diversified fund.

Although the Portfolio and Fund will be non-diversified for purposes of the 1940 Act, the Portfolio and Fund intend to maintain the required level of diversification and otherwise conduct its operations so as to qualify as a “regulated investment company” for purposes of the Internal Revenue Code of 1986.²²

The Fund may hold up to an aggregate amount of 15% of its net assets in illiquid assets (calculated at the time of investment), including Rule 144A securities deemed illiquid by the Adviser.²³ The Fund will monitor its portfolio liquidity on an ongoing basis to determine whether, in light of current circumstances, an adequate level of liquidity is being maintained, and will consider taking appropriate steps in order to maintain adequate liquidity if, through a change in values, net assets, or other circumstances, more than 15% of the Fund’s net assets are held in illiquid assets. Illiquid assets include securities subject to contractual or other restrictions on resale and other instruments that lack readily available markets as determined in accordance with Commission staff guidance.²⁴

²² 26 U.S.C. 851.

²³ See note 24, infra.

²⁴ The Commission has stated that long-standing Commission guidelines have required open-end funds to hold no more than 15% of their net assets in illiquid securities and other illiquid assets. See Investment Company Act Release No. 28193 (March 11, 2008), 73 FR 14618 (March 18, 2008), footnote 34. See also, Investment Company Act Release No. 5847 (October 21, 1969), 35 FR 19989 (December 31, 1970) (Statement Regarding “Restricted Securities”); Investment Company Act Release No. 18612 (March 12, 1992), 57 FR 9828 (March 20, 1992) (Revisions of Guidelines to Form N-1A). A fund’s portfolio security is illiquid if it cannot be disposed of in the ordinary course of business within seven days at approximately the value ascribed to it by the fund. See Investment Company Act Release No. 14983 (March 12, 1986), 51 FR 9773 (March 21, 1986)

Neither the Fund nor the Portfolio will invest in options, futures contracts or swaps agreements. The Fund's and Portfolio's investments will be consistent with its investment objective and will not be used to enhance leverage.

Net Asset Value

The Fund will calculate net asset value ("NAV") using the NAV of the Portfolio. NAV per Share for the Fund will be computed by dividing the value of the net assets of the Portfolio (i.e., the value of its total assets less total liabilities) by the total number of Shares outstanding, rounded to the nearest cent. Expenses and fees, including the management fees, will be accrued daily and taken into account for purposes of determining NAV. The NAV of the Portfolio will be calculated by the Custodian and determined at the close of the regular trading session on the New York Stock Exchange ("NYSE") (ordinarily 4:00 p.m. Eastern time) on each day that such exchange is open, provided that fixed-income assets (and, accordingly, the Portfolio's NAV) may be valued as of the announced closing time for trading in fixed-income instruments on any day that the Securities Industry and Financial Markets Association (or applicable exchange or market on which the Portfolio's investments are traded) announces an early closing time. Creation/redemption order cut-off times (as described further below) may also be earlier on such days.

In calculating the Portfolio's NAV, the Portfolio's investments will generally be valued using market valuations. A market valuation generally means a valuation (i) obtained from an exchange, a pricing service, or a major market maker (or dealer), (ii) based on a price quotation or other equivalent indication of value supplied by an exchange, a pricing service, or a major

(adopting amendments to Rule 2a-7 under the 1940 Act); Investment Company Act Release No. 17452 (April 23, 1990), 55 FR 17933 (April 30, 1990) (adopting Rule 144A under the 1933 Act).

market maker (or dealer) or (iii) based on amortized cost. In the case of shares of other funds that are not traded on an exchange, a market valuation means such fund's published NAV per share. The Adviser may use various pricing services, or discontinue the use of any pricing service, as approved by the Board of the SSgA Master Trust from time to time. A price obtained from a pricing service based on such pricing service's valuation matrix may be considered a market valuation. Any assets or liabilities denominated in currencies other than the U.S. dollar will be converted into U.S. dollars at the current market rates on the date of valuation as quoted by one or more sources.

Common stocks and exchange-traded equity securities (including shares of preferred securities, ETPs, closed-end funds, QPTPs, REITs and Depositary Receipts (other than unsponsored Depositary Receipts traded in the OTC market) traded on a national securities exchange generally will be valued at the last reported sale price or the official closing price on that exchange where the stock is primarily traded on the day that the valuation is made. Foreign exchange-traded equities and listed ADRs will be valued at the last sale or official closing price on the relevant exchange on the valuation date. If, however, neither the last sale price nor the official closing price is available, each of these securities will be valued at either the last reported sale price or official closing price as of the close of regular trading of the principal market on which the security is listed.

Securities of investment companies (other than ETFs registered under the 1940 Act), including affiliated funds, money market funds and closed-end funds, will be valued at NAV.

Un-sponsored Depositary Receipts, which are traded in the OTC market, will be valued at the last reported sale price from the OTC Bulletin Board or OTC Link LLC on the valuation date.

Rule 144A securities, repurchase agreements and reverse repurchase agreements will generally be valued at bid prices received from independent pricing services as of the announced closing time for trading in such instruments. Spot currency transactions will generally be valued at mid prices received from independent pricing service converted into U.S. dollars at current market rates on the date of valuation. Foreign currency forwards normally will be valued on the basis of quotes obtained from broker-dealers or third party pricing services.

According to the Adviser, fixed income securities, including U.S. Government obligations, U.S. registered, dollar-denominated bonds of foreign corporations, governments, agencies and supra-national entities, and short-term instruments will generally be valued at bid prices received from independent pricing services as of the announced closing time for trading in fixed-income instruments in the respective market or exchange. In determining the value of a fixed income investment, pricing services determine valuations for normal institutional-size trading units of such securities using valuation models or matrix pricing, which incorporates yield and/or price with respect to bonds that are considered comparable in characteristics such as rating, interest rate and maturity date and quotations from securities dealers to determine current value.

Any assets or liabilities denominated in currencies other than the U.S. dollar will be converted into U.S. dollars at the current market rates on the date of valuation as quoted by one or more sources.

In the event that current market valuations are not readily available or such valuations do not reflect current market value, the SSgA Master Trust's procedures require the Pricing and

Investment Committee²⁵ to determine a security's fair value if a market price is not readily available, in accordance with the 1940 Act. In determining such value, the Pricing and Investment Committee may consider, among other things, (i) price comparisons among multiple sources, (ii) a review of corporate actions and news events, and (iii) a review of relevant financial indicators (e.g., movement in interest rates, market indices, and prices from the Portfolios' index providers). In these cases, the Portfolio's NAV may reflect certain portfolio securities' fair values rather than their market prices. Fair value pricing involves subjective judgments and it is possible that the fair value determination for a security is materially different than the value that could be realized upon the sale of the security.

Creation and Redemption of Shares

The NAV of Shares of the Fund will be determined once each business day, normally 4:00 p.m. Eastern time. Creation Unit sizes will be 50,000 Shares per Creation Unit. The Trust will issue and sell Shares of the Fund only in Creation Units on a continuous basis, without a sales load (but subject to transaction fees), at their NAV per Share next determined after receipt of an order, on any business day, in proper form pursuant to the terms of the authorized participant agreement.

The consideration for purchase of a Creation Unit of the Fund generally will consist of either (i) the in-kind deposit of a designated portfolio of securities held by the corresponding master fund (the "Deposit Securities") per each Creation Unit and the Cash Component (defined below), computed as described below or (ii) the cash value of the Deposit Securities ("Deposit Cash") and the "Cash Component," computed as described below. When accepting purchases of

²⁵ The Pricing and Investment Committee is subject to procedures designed to prevent the use and dissemination of material non-public information regarding the Portfolio and the Fund.

Creation Units for cash, the Fund may incur additional costs associated with the acquisition of Deposit Securities that would otherwise be provided by an in-kind purchaser. Together, the Deposit Securities or Deposit Cash, as applicable, and the Cash Component constitute the “Fund Deposit,” which represents the minimum initial and subsequent investment amount for a Creation Unit of the Fund. The “Cash Component” is an amount equal to the difference between the NAV of the Shares (per Creation Unit) and the market value of the Deposit Securities or Deposit Cash, as applicable. If the Cash Component is a positive number (i.e., the NAV per Creation Unit exceeds the market value of the Deposit Securities or Deposit Cash, as applicable), the Cash Component shall be such positive amount. If the Cash Component is a negative number (i.e., the NAV per Creation Unit is less than the market value of the Deposit Securities or Deposit Cash, as applicable), the Cash Component will be such negative amount and the creator will be entitled to receive cash in an amount equal to the Cash Component. The Cash Component serves the function of compensating for any differences between the NAV per Creation Unit and the market value of the Deposit Securities or Deposit Cash, as applicable.

The Custodian, through the National Securities Clearing Corporation (“NSCC”), will make available on each business day, immediately prior to the opening of business on the Exchange’s Core Trading Session (9:30 a.m. Eastern time), the list of the names and the required number of shares of each Deposit Security or the required amount of Deposit Cash, as applicable, to be included in the current Fund Deposit (based on information at the end of the previous business day) for the Fund. Such Fund Deposit is subject to any applicable adjustments as described in the Registration Statement, in order to effect purchases of Creation Units of the Fund until such time as the next-announced composition of the Deposit Securities or the required amount of Deposit Cash, as applicable, is made available.

Shares may be redeemed only in Creation Units at their NAV next determined after receipt of a redemption request in proper form by the Fund through the Transfer Agent and only on a business day.

With respect to the Fund, the Custodian, through the NSCC, will make available immediately prior to the opening of business on the Exchange (9:30 a.m. Eastern time) on each business day, the list of the names and share quantities of the Fund's portfolio securities that will be applicable (subject to possible amendment or correction) to redemption requests received in proper form (as defined below) on that day ("Fund Securities"). Fund Securities received on redemption may not be identical to Deposit Securities.

Redemption proceeds for a Creation Unit will be paid either in-kind or in cash or a combination thereof, as determined by the Trust. With respect to in-kind redemptions of the Fund, redemption proceeds for a Creation Unit will consist of Fund Securities as announced by the Custodian on the business day of the request for redemption 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 (the "Cash Redemption Amount"), less a fixed redemption transaction fee and any applicable additional variable charge as set forth in the Registration Statement. In the event that the Fund Securities have a value greater than the NAV of the Shares, a compensating cash payment equal to the differential will be required to be made by or through an authorized participant by the redeeming shareholder. Notwithstanding the foregoing, at the Trust's discretion, an authorized participant may receive the corresponding cash value of the securities in lieu of the in-kind securities value representing one or more Fund Securities.

The creation/redemption order cut-off time for the Fund is expected to be 4:00 p.m. Eastern time. On days when the Exchange closes earlier than normal, the Fund may require orders for Creation Units to be placed earlier in the day.

Availability of Information

The Fund's website (www.spdrs.com), which will be publicly available prior to the public offering of Shares, will include a form of the prospectus for the Fund that may be downloaded. The Fund's website will include additional quantitative information updated on a daily basis, including, for the Fund (1) daily trading volume, the prior business day's reported closing price, NAV and mid-point of the bid/ask spread at the time of calculation of such NAV (the "Bid/Ask Price"),²⁶ 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. On each business day, before commencement of trading in Shares in the Core Trading Session on the Exchange, the Fund will disclose on its website the Disclosed Portfolio as defined in NYSE Arca Equities Rule 8.600(c)(2) that will form the basis for the Fund's calculation of NAV at the end of the business day.²⁷

On a daily basis, the Fund will disclose for each portfolio security or other financial instrument of the Fund and of the Portfolio the following information on the Fund's website:

²⁶ The Bid/Ask Price of the Fund will be determined using the midpoint of the highest bid and the lowest offer on the Exchange as of the time of calculation of the Fund's NAV. The records relating to Bid/Ask Prices will be retained by the Fund and their service providers.

²⁷ Under accounting procedures followed by the Fund, trades made on the prior business day ("T") will be booked and reflected in NAV on the current business day ("T+1"). Accordingly, the Fund will be able to disclose at the beginning of the business day the portfolio that will form the basis for the NAV calculation at the end of the business day.

ticker symbol (if applicable), name of security and financial instrument, number of shares and dollar value of financial instruments held in the portfolio, and percentage weighting of the security and financial instrument in the portfolio. The website information will be publicly available at no charge.

In addition, a basket composition file, which includes the security names and share quantities required to be delivered in exchange for the Fund's Shares, together with estimates and actual cash components, will be publicly disseminated daily prior to the opening of the NYSE via NSCC. The basket represents one Creation Unit of the Fund.

Investors can also obtain the Trust's Statement of Additional Information ("SAI"), the Fund's Shareholder Reports, and the Trust's Form N-CSR and Form N-SAR, filed twice a year. The Trust's SAI and Shareholder Reports are 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. 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 published daily in the financial section of newspapers. Quotation and last sale information for the Shares will be available via the Consolidated Tape Association ("CTA") high-speed line. With respect to U.S. exchange-listed equity securities, the intra-day, closing and settlement prices of common stocks and exchange-traded equity securities (including shares of preferred securities, ETPs, closed-end funds, QPTPs, REITs and U.S. exchange-listed Depositary Receipts) will be readily available from the national securities exchanges trading such securities, automated quotation systems, published or other public sources, or on-line information services such as

Bloomberg or Reuters. With respect to non-U.S. exchange-listed equity securities, intra-day, closing and settlement prices of common stocks and other equity securities (including shares of preferred securities, and non-U.S. Depositary Receipts), will be available from the foreign exchanges on which such securities trade as well as from major market data vendors. Pricing information regarding each asset class in which the Fund or Portfolio will invest will generally be available through nationally recognized data service providers through subscription arrangements. Quotation information from brokers and dealers or pricing services will be available for fixed income securities, including U.S. Government obligations, U.S. registered, dollar-denominated bonds of foreign corporations, governments, agencies and supra-national entities, and short-term instruments; unsponsored Depositary Receipts; and spot and forward currency transactions held by the Fund and Portfolio. In addition, the Indicative Optimized Portfolio Value (“IOPV”),²⁸ which is the Portfolio Indicative Value as defined in NYSE Arca Equities Rule 8.600 (c)(3), will be widely disseminated at least every 15 seconds during the Exchange’s Core Trading Session by one or more major market data vendors.²⁹ The dissemination of the IOPV, together with the Disclosed Portfolio, will allow investors to determine the value of the underlying portfolio of the Fund and of the Portfolio on a daily basis and to provide a close estimate of that value throughout the trading day. Additional information regarding the Trust and the Shares, including investment strategies, risks, creation and

²⁸ The IOPV calculation will be an estimate of the value of the Fund’s NAV per Share using market data converted into U.S. dollars at the current currency rates. The IOPV price will be based on quotes and closing prices from the securities’ local market and may not reflect events that occur subsequent to the local market’s close. Premiums and discounts between the IOPV and the market price of the Shares may occur. This should not be viewed as a “real-time” update of the NAV per Share of the Fund, which will be calculated only once a day.

²⁹ Currently, it is the Exchange’s understanding that several major market data vendors display and/or make widely available IOPVs taken from CTA or other data feeds.

redemption procedures, fees, portfolio holdings disclosure policies, distributions and taxes is included in the Registration Statement. All terms relating to the Fund that are referred to, but not defined in, this proposed rule change are defined in the Registration Statement.

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.³⁰ Trading in Shares of the Fund will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 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. These may include: (1) the extent to which trading is not occurring in the securities and/or the financial instruments comprising the Disclosed Portfolio of the Fund; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. Trading in the Shares will be subject to NYSE Arca Equities Rule 8.600(d)(2)(D), which sets forth circumstances under which Shares of the Fund may be halted.

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 4:00 a.m. to 8:00 p.m. Eastern time in accordance with NYSE Arca Equities Rule 7.34 (Opening, 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 Equities Rule 7.6, Commentary .03, the minimum price variation ("MPV") for quoting and entry of orders in equity securities traded on the NYSE Arca

³⁰ See NYSE Arca Equities Rule 7.12.

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.

The Shares will conform to the initial and continued listing criteria under NYSE Arca Equities Rule 8.600. The Exchange represents that, for initial and/or continued listing, the Fund will be in compliance with Rule 10A-3³¹ under the Act, as provided by NYSE Arca Equities Rule 5.3. A minimum of 100,000 Shares for the Fund 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.

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, which are designed to detect violations of Exchange rules and applicable federal securities laws.³² 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 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.

³¹ 17 CFR 240.10A-3.

³² FINRA surveils trading on the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA’s performance under this regulatory services agreement.

FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares, ETPs and certain exchange-traded securities underlying the Shares with other markets and other entities that are members of the Intermarket Surveillance Group (“ISG”), and FINRA, on behalf of the Exchange, may obtain trading information regarding trading in the Shares, ETPs and certain exchange-traded securities underlying the Shares from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares, ETPs and certain exchange-traded securities underlying 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.³³ 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”).

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

Information Sharing Procedures

The Commission requires that, in designing a new derivative securities product, the self-regulatory organization (“SRO”) determine that it has adequate information sharing procedures to detect and deter potential trading abuses.³⁴ In many, but not all, cases, this requirement is met

³³ For a list of the current members of ISG, see www.isgportal.org. The Exchange notes that not all components of the Disclosed Portfolio for the Fund may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

³⁴ See, e.g., Securities Exchange Act Release No. 40761 (December 8, 1998) (S7-13-98) (New Products Release). The New Products Release was adopted in 1998 to expand the scope of SRO matters that do not constitute proposed rule changes in response to the need for flexibility in regulating new derivative securities products by developing streamlined filing procedures to ease the SROs’ regulatory burdens in many circumstances.

through listing standards that require the securities underlying a new derivatives securities product to be listed on markets that are members of the Intermarket Surveillance Group (“ISG”) or with which the Exchange has a comprehensive surveillance sharing agreement (“CSSA”). For example, the generic listing standards for options on closed end funds holding foreign stocks, options on foreign index ETFs and foreign index options require information sharing agreements for the underlying index or portfolio securities.³⁵ Similarly, the listing standards for stock index warrants, contain a specific limitation on the percentage of foreign country securities that are not traded on markets that are not subject to CSSAs.³⁶

³⁵ See, e.g., NYSE Arca Options Rule 5.3(e) (options on international closed end funds) (requiring the Exchange to have a market information sharing agreement with the primary exchange for each of the securities held by the fund or that such fund be classified as a diversified fund under Section 5(b) of the 1940 Act and that securities of the fund be issued by issuers in five or more countries); NYSE Arca Options Rule 5.3(g) (options on ETFs) (requiring that non-U.S. component securities of the underlying index or portfolio that are not subject to CSSAs not, in the aggregate, represent more than 50% of the weight of the index or portfolio; that component securities for which the primary market is in any one country that is not subject to a CSSA not represent 20% or more of the index weight; and that component securities for which the primary market is in any two countries not subject to CSSAs not represent 33% or more of the index weight); NYSE Arca Options Rule 5.12 (broad-based index options) (requiring that non-U.S. component securities of the index not subject to CSSAs not, in the aggregate, represent more than 20% of the index weight).

³⁶ See, e.g., NYSE Arca Equities Rule 8.3 (a)(7) (Listing of Currency and Index Warrants) (Foreign Country Securities or American Depositary Receipts thereon that: (A) are not subject to a comprehensive surveillance agreement, and (B) have less than 50% of their global trading volume (in dollar value) within the United States, shall not, in the aggregate, represent more than 20% of the weight of the index, unless such index is otherwise approved for warrant or option trading). In addition, see, e.g., Securities Exchange Act Release Nos. 31121 (August 28, 1992) (SR-PSE-92-09 and SR-PSE-92-10) (order granting accelerated approval of proposed rule changes relating to listing index warrants based on the FT-SE Eurotrack 200 Index and the Eurotop 100 Index); 30462 (March 11, 1992) (SR-Amex 91-10, SR-NYSE-91-13, SR-CBOE-91-09, SR-CBOE-91-13) (order approving proposed rule changes relating to listing of index options and index warrants based on the FT-SE Eurotrack 200 Index); 28544 October 17, 1990 (SR-Amex-90-08; SR-NYSE-90-36; SR-PHLX-90-25; SR-PSE-90-18) (order approving proposed rule changes relating to the listing of index warrants based on the CAC-40 Index).

However, the generic listing standards for ETFs based on foreign indexes in NYSE Arca Equities Rule 5.2(j)(3) (Investment Company Units), and for closed end funds holding foreign securities do not include specific CSSA requirements³⁷. Additionally, the American Stock Exchange and the New York Stock Exchange proposed and the Commission approved the listing or trading pursuant to unlisted trading privileges [sic] many foreign index-based ETFs that hold securities listed and traded on markets with which the ETF-listing exchange did not have CSSAs.³⁸

The equity securities in which the Portfolio would be permitted to invest will be limited to: 1) equity securities that trade in markets that are members of the ISG or are parties to a CSSA with the Exchange or, 2) Actively-Traded Securities as defined in Reg M that are traded on exchanges with last sale reporting.³⁹ The Exchange believes that its ability to monitor trading in the Fund would not be impacted by the absence of CSSAs with, or ISG membership of, markets

³⁷ See, e.g., Securities Exchange Act Release No. 54739 (November 9, 2006) (SR-Amex-2006-78) (stating that CSSAs are not required in connection with listing of ETFs under the generic listing criteria of American Stock Exchange Rule 1000A given that the [sic] such generic listing criteria otherwise require minimum levels of liquidity, concentration and pricing transparency for index components).

³⁸ See, e.g., Securities Exchange Act Release Nos. 42748 (May 2, 2000), 65 FR 30155 (May 10, 2000) (SR-Amex-98-49) (order approving listing and trading of six series of World Equity Benchmark Shares based on foreign stock indexes); 42786 (May 15, 2000), 65 FR 33586 (May 24, 2000) (SR-Amex-99-49) (order partially approving listing and trading of series of the iShares Trust based on foreign stock indexes); 44900 (October 25, 2001), 66 FR 55712 (November 2, 2001) (SR-Amex-2001-45) (order approving listing and trading of seven series of funds of iShares, Inc. based on foreign indexes); 36947 (March 8, 1996) (SR-Amex-95-43) (order approving listing of Index Fund Shares based on 18 foreign indexes); 52178 (July 29, 2005) (SR-NYSE-2005-41) (order approving listing of iShares MSCI EAFE Growth and iShares MSCI EAFE Value Funds); 52816 (November 21, 2005) (SR-NYSE-2005-70) (order approving listing of iShares MSCI Index Funds). A list of ISG members is available at <https://www.isgportal.org/isgPortal/public/members.htm>.

³⁹ See note 12, *supra*.

on which “Actively-Traded Securities” (as defined in Rule 101(c)(1) of Reg M⁴⁰) are listed or traded. Many established and reputable markets are not members of ISG.⁴¹ Such markets have price transparency, regulatory surveillance, liquidity, last sale information, as well s [sic] numerous other regulatory requirements traditionally associated with national securities exchanges in the United States. However, at times, local laws, such as privacy laws in France and other European nations, preclude markets from becoming ISG members, or would result in any CSSA entered into being severely limited with respect to the information that can be shared. It is important to note that while some exchanges in the European Union may not be ISG members, they do all have the obligation to share trading data with their national regulator and the national regulators are parties to sharing agreements with each other. Therefore, while there may be instances where the exchanges in the European Union may not directly share trading data, regulators may share information with each other when necessary, to deter and detect market manipulation.

As the global marketplace has evolved and become more interconnected, an issuer’s securities may be traded on multiple markets. For example, thanks to harmonized European legislation, and especially the “Prospectus Directive” of the Markets in Financial Instruments

⁴⁰ 17 CFR 242.101(c)(1).

⁴¹ Non-ISG member exchanges include: Abu Dhabi Securities Exchange; Athens Exchange; BM&FBOVESPA S.A.; BME Spanish Exchanges; Bolsa Mexicana de Valores; Bourse de Luxembourg; Deutsche Börse AG; Euronext Brussels N.V./S.A.; Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A.; Euronext Paris S.A.; Indonesia Stock Exchange; Irish Stock Exchange; Johannesburg Stock Exchange; Moscow Exchange; Philippine Stock Exchange; Saudi Stock Exchange; Shanghai Futures Exchange; Shenzhen Stock Exchange; SIX Swiss Exchange; Stock Exchange of Thailand; Taiwan Futures Exchange; Taiwan Stock Exchange; Tel-Aviv Stock Exchange; The Egyptian Exchange; Wiener Börse AG; Zhengzhou Commodity Exchange.

Directive (“MiFID”),⁴² issuers wishing to raise capital in the European Union may take advantage of “passporting” their prospectus, which allows an issuer to use one prospectus and raise capital across the European Economic Area (EEA).⁴³ One of the consequences of this single prospectus is that an issuer’s securities can and often do trade across several markets in the EEA, some of which may be ISG members and others may not.

Additionally, MiFID, introduced in 2007, contains a transaction reporting requirement, under which various markets and trading firms are required to submit transaction reports to an “Approved Reporting Mechanism”.

MiFID also makes it possible for any transferable security that has been admitted to trading on a regulated market of an “EU Member State” to be admitted to trading on other Member States’ regulated markets or on any other trading venues. As a result, it is difficult to predict where the liquidity in any particular security will primarily reside. Moreover, the MiFID best execution requirement,⁴⁴ may require an executing broker to trade on markets that are not

⁴² Information regarding the Prospectus Directive is available from the European Commission at http://ec.europa.eu/internal_market/securities/prospectus/index_en.htm.

⁴³ See The Forum of European Securities Commissions [FESCO], A “European Passport” For Issuers at 4-8, Fesco/99-098e (May 10, 2000), available at http://www.esma.europa.eu/system/files/99_098e.PDF.

⁴⁴ See, generally, The Committee of European Securities Regulators [CESR], Best Execution Under MiFID: Questions and Answers, CESR/07-320 (May 2007), available at http://www.cmvm.pt/CMVM/Cooperacao%20Internacional/Docs_ESMA_Cesr/Documents/07_320.pdf (MiFID’s best execution regime requires investment firms to take all reasonable steps to obtain the best possible result for their clients, taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to order execution. CESR considers this requirement to be of a general and overarching nature.); see also The Committee of European Securities Regulators (CESR), Best Execution Under MiFID: Public Consultation, CESR/07-050b (February 2007), available at http://www.esma.europa.eu/system/files/07_050b.pdf; Financial Services Authority (FSA), Implementing MiFID’s Best Execution Requirement (May, 2006), available at http://www.fsa.gov.uk/pubs/discussion/dp06_03.pdf.

ISG members. These developments would make it challenging for the Fund to limit the trading of foreign securities on markets that are members of ISG or with which the Exchange has a CSSA.

In addition, the Exchange believes that it is not necessary to its ability to detect and deter manipulation in Shares of the Fund for equity securities in which the Fund invests to be listed and traded on markets that are members of ISG or with which the Exchange has a CSSA, provided that such equity securities are Actively-Traded Securities. As the Commission noted in adopting Reg M, Actively-Traded Securities are less likely to be manipulated because the costs of such manipulation is high, aberrations in price are more likely to be discovered and quickly corrected, and generally are traded on market [sic] with high levels of transparency and surveillance. For this reason, Actively-Traded Securities were excepted from the prophylactic provisions of Rule 101 of Reg M⁴⁵ and, thus, would not be subject to the restrictions imposed upon distribution participants or issuers and selling security holders during the restricted period, as those terms are defined in Reg M.

As the Commission recognized in adopting Reg M, detection of manipulation of Actively-Traded Securities is aided substantially by the widespread coverage by analysts, news outlets, investors and other market participants around the world of these securities.⁴⁶ This close scrutiny and increased transparency of the secondary markets means that unusual market activity is likely to be observed and quickly corrected.

⁴⁵ Rule 102 similarly excepts from its provisions, actively-traded reference securities.

⁴⁶ See Release Nos. 33-7375; 34-38067; IC 22412: International Series Release Nos. 1039; File No. S7-11-96 (62 FR 520, January 3, 1997) (Anti-manipulation Rules concerning Securities Offerings), at 62 FR 527.

Further, as also noted by the Commission in adopting Reg M, because the costs associated with manipulating an Actively-Traded Security will be higher, the likelihood of manipulation of Actively-Traded Securities is low. This potential for improper activity in an Actively-Traded Security to be used to manipulate, or otherwise impact, trading in the Shares of the Fund is further diluted by the fact that a single Actively-Traded Security represents only part of the value of the Fund. This limited impact is guaranteed by diversification requirements applicable to the Fund in the Exchange's listing rules and the Internal Revenue Code, which requires certain diversification to qualify as a regulated investment company ("RIC").⁴⁷

The Exchange also notes that other provisions of the securities laws encourage disparate treatment for active, large capitalization securities. In its no action letter⁴⁸ to FINRA in 2012 regarding Rule 15c3-1 under the Act (the "Net Capital Rule")⁴⁹, the Commission expanded the universe of foreign equity securities that were deemed to have a ready market⁵⁰. Similar to the

⁴⁷ See 26 U.S.C. 851.

⁴⁸ See Letter from Michael A. Macchiaroli, Associate Director, Division of Trading and Markets ("Division"), Commission, to Grace B. Vogel, Executive Vice President, FINRA (November 28, 2012) (the "Ready Market No-Action Letter") available at <http://www.sec.gov/divisions/marketreg/mr-noaction/2012/finra-112812.pdf>.

⁴⁹ The primary purpose of the Net Capital Rule is to protect customers and other market participants from broker-dealer failures by ensuring that broker-dealers maintain sufficient liquid assets to satisfy their liabilities and to provide a cushion in excess of liabilities to cover select risks in the event of liquidation. The Net Capital Rule enhances investor/customer confidence in the financial integrity of broker-dealers and the securities market.

⁵⁰ Paragraph (c)(11)(i) of the net capital rule states that the term "ready market" shall include "a market in which there exists independent bona fide offers to buy and sell so that a price reasonably related to the last sales price or current bona fide competitive bid and offer quotations can be determined for a particular security almost instantaneously and where payment will be received in settlement of a sale at such price within a relatively short time conforming to trade custom." The ready market designation implies that for the purposes of broker-dealer net capital calculations, securities with such a

exemptions afforded Actively-Traded Securities, the beneficial attributes of liquidity and size were once again acknowledged and formed the basis for the Commission's interpretation of this fundamental customer protection provision of the securities laws.⁵¹

Permitting the Fund to invest in Actively-Traded Securities, even if they trade on markets that are not member of ISG, will allow investors to benefit from the Fund's portfolio managers' expertise as well as potentially reducing costs to shareholders. Investing directly in Actively-Traded Securities would, in many cases, be a less expensive alternative than other investments used by the Fund's portfolio managers when they are restricted to trading in markets that are members of ISG or with which the Exchange has a CSSA. For example, investing in international index ETFs⁵² is a common way fund managers provide investors with exposure to regions whose markets are not members of ISG. These international index ETFs can be a less efficient and less targeted proxy for direct investment in foreign security components of those

designation held by the broker-dealer would be subject to a 15% haircut as opposed to a 100% haircut for non-marketable securities.

⁵¹ In the Ready Market No Action Letter, the Division stated that it would not recommend enforcement action to the Commission if a broker-dealer treats an equity security of a foreign issuer as having a ready market under Rule 15c3-1(c)(11) and subject to haircuts under paragraph (c)(2)(vi)(J), if the following conditions are met: (1) The security is listed for trading on a foreign securities exchange located within a country that is recognized on the FTSE World Index, where the security has been trading on that exchange for at least the previous 90 days; (2) Daily quotations for both bid and ask or last sale prices for security provided by the foreign securities exchange on which the security is traded are continuously available to broker-dealers in the United States, through an electronic quotation system; (3) The median daily trading volume (calculated over the preceding 20 business day period) of the foreign equity security on the foreign securities exchange on which the security is traded is either at least 100,000 shares or \$500,000; and (4) The aggregate unrestricted market capitalization in shares of such security exceeds \$500 million over each of the preceding 10 business days.

⁵² As noted above, international index ETFs are listed under NYSE Arca Equities Rule 5.2(j)(3), which does not include a requirement that index components trade on markets that are members of ISG or with which the Exchange has a CSSA.

indexes. The fees imbedded in such ETFs would be borne directly by a fund and indirectly by investors in shares of a fund. Thus, the ability of the Fund to directly invest in Actively-Traded Securities listed or traded on markets that may not be members of ISG or with which the Exchange has a CSSA would be a less expensive alternative for the Fund's portfolio managers, which lower costs to the benefit of shareholders of the Fund.

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 Equities Rule 9.2(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 Opening and Late Trading Sessions when an updated Portfolio Indicative Value will not be calculated or publicly disseminated; (4) how information regarding the Portfolio Indicative Value 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. Eastern time each trading day.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)⁵³ 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 Equities Rule 8.600. 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 Adviser has implemented a “fire wall” with respect to its affiliated broker-dealer regarding access to information concerning the composition and/or changes to the Fund’s portfolio. In addition, the Trust’s Pricing and Investment Committee has implemented procedures designed to prevent the use and dissemination of material, non-public information regarding the Portfolio and the Fund. FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares, ETPs and certain exchange-traded securities underlying the Shares with other markets and other entities that are members of the ISG, and FINRA, on behalf of the Exchange, may obtain trading information regarding trading in the Shares, ETPs and certain exchange-traded securities underlying the Shares from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares, ETPs and certain exchange-traded securities underlying the Shares from markets and

⁵³ 15 U.S.C. 78f(b)(5).

other entities that are members of ISG or with which the Exchange has in place a CSSA. 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 TRACE. The Fund may hold up to an aggregate amount of 15% of its net assets in illiquid assets (calculated at the time of investment), including Rule 144A securities deemed illiquid by the Adviser. The ETPs held by the Fund will be traded on U.S. national securities exchanges and will be subject to the rules of such exchanges, as approved by the Commission. Neither the Fund nor the Portfolio will invest in options, futures contracts or swaps agreements. The Fund's and Portfolio's investments will be consistent with its investment objective and will not be used to enhance leverage.

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 is publicly available regarding the Fund and the Shares, thereby promoting market transparency. The Fund's portfolio holdings will be disclosed on its website daily after the close of trading on the Exchange and prior to the opening of trading on the Exchange the following day. Moreover, the IOPV will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Exchange's Core Trading Session. The exchange-listed and traded equity securities in which the Portfolio would be permitted to invest will be limited to: 1) equity securities that trade in markets that are members of the ISG or are parties to a CSSA with the Exchange or, 2) Actively-Traded Securities as defined in Reg M that are traded on U.S. and non-U.S. exchanges with last sale reporting. On each business day, before commencement of trading in Shares in the Core Trading Session on

the Exchange, the Fund will disclose on its website the Disclosed Portfolio that will form the basis for the Fund's calculation of NAV at the end of the business 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 Fund will include a form of the prospectus for the Fund and additional data relating to NAV and other applicable quantitative information. Moreover, 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 Equities Rule 7.12 have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable, and trading in the Shares will be subject to NYSE Arca Equities Rule 8.600(d)(2)(D), which sets forth circumstances under which Shares of the Fund may be halted. The intra-day, closing and settlement prices of the portfolio securities are also readily available from the national securities exchanges trading such securities, automated quotation systems, published or other public sources, or on-line information services such as Bloomberg or Reuters. In addition, as noted above, investors will have ready access to information regarding the Fund's holdings, the IOPV, 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 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, the IOPV, the Disclosed Portfolio, and quotation and last sale information for the Shares. The exchange-listed and traded equity securities in which the Portfolio would be permitted to invest will be limited to: 1) equity securities that trade in markets that are members of the ISG or are parties to a CSSA with the Exchange or, 2) Actively-Traded Securities as defined in Reg M that are traded on U.S. and non-U.S. exchanges with last sale reporting. The Exchange believes that the requirements described above applicable to non-U.S. equities, namely the requirements that non-U.S. equity securities be Actively-Traded Securities as defined in Reg M, and that they trade in markets with last sale reporting, will provide an additional choice for investors who desire exposure to non-U.S. equities by an issue of Managed Fund Shares greater than that currently permitted by Managed Fund Shares issues, while also providing for minimum liquidity thresholds relating to ADTV and public float.

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 actively-managed exchange-traded product that will principally hold U.S. and non U.S. equity securities and that will enhance competition among market participants, to the benefit of investors and the marketplace. The Exchange believes that the requirements described above applicable to non-U.S. equities, namely the requirements that non-U.S. equity securities be Actively-Traded

Securities as defined in Reg M, and that they trade in markets with last sale reporting, will provide an additional choice for investors who desire exposure to non-U.S. equities by an issue of Managed Fund Shares greater than that currently permitted by Managed Fund Shares issues, while also providing for minimum liquidity thresholds relating to ADTV and public float.

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 within such longer period 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. Please include File Number SR-NYSEArca-2014-100 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-NYSEArca-2014-100. 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 such filing will also be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that

you wish to make available publicly. All submissions should refer to File Number SR-NYSEArca-2014-100 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.⁵⁴

Kevin M. O'Neill
Deputy Secretary

⁵⁴ 17 CFR 200.30-3(a)(12).