SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-74058; File No. SR-NYSEArca-2014-114)

January 15, 2015

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Amendments No. 1 and No. 2 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1 and 2, to List and Trade Shares of the iShares Interest Rate Hedged 0-5 Year High Yield Bond ETF, iShares Interest Rate Hedged 10+ Year Credit Bond ETF, and the iShares Interest Rate Hedged Emerging Markets Bond ETF Under NYSE Arca Equities Rule 8.600

I. Introduction

On September 29, 2014, NYSE Arca, Inc. ("Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] a proposed rule change to list and trade shares ("Shares") of the iShares Interest Rate Hedged 0-5 Year High Yield Bond ETF ("High Yield Bond Fund"), iShares Interest Rate Hedged 10+ Year Credit Bond ETF ("Credit Bond Fund"), and the iShares Interest Rate Hedged Emerging Markets Bond ETF ("Emerging Markets Bond Fund") (collectively "the Funds") under NYSE Arca Equities Rule 8.600. The proposed rule change was published for comment in the Federal Register on October 17, 2014.[3] The Commission received one supporting comment on the proposal,[4] and on November 18, 2014, the Exchange filed Amendment No 1. to the proposed rule change, which entirely replaced and superseded its proposal as originally filed.[5] The Commission designated a

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 See Securities Exchange Act Release No. 73342 (Oct. 10, 2014), 79 FR 62492.

4 Letter to SEC from Anonymous Commenter, dated November 7, 2014. Comments regarding the proposed rule change are available on the Commission's website at: http://www.sec.gov/comments/sr-nysearca-2014-114/nysearca2014114.shtml.

5 In Amendment No. 1, the Exchange (1) clarified that there presently is no sub-adviser to the Funds; (2) specified that US Treasury futures are a type of interest rate future; (3) provided more information about the Federal Funds futures the Funds may hold;

longer period for Commission action.[6] On January 14, 2015, the Exchange filed Amendment No. 2 to the proposed rule change.[7] The Commission is publishing this notice to solicit comments on Amendments No. 1 and No. 2 from interested persons, and is approving the proposed rule change, as modified by Amendment Nos. 1 and 2, on an accelerated basis.

II. Description of Proposed Rule Change

A. In General

The Exchange proposes to list and trade the Shares under NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares on the Exchange. The Shares will be offered by iShares U.S. ETF Trust ("Trust"),[8] a registered open-end management investment company. BlackRock Fund Advisors ("BFA") will be the investment adviser for the

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(4) clarified the scope of the investment restriction on illiquid assets; (5) clarified one aspect of the net asset value calculation process for the Funds; (6) supplemented the information that would be provided in the disclosed portfolios of the Funds; and (7) clarified the availability of price information regarding the Funds' holdings.

[6] See Securities Exchange Act Release No. 73659 (Nov. 20, 2014), 79 FR 70607 (Nov. 26, 2014). The Commission designated a longer period within which to take action on the proposed rule change to provide more time for it to consider the proposed rule change, as modified by Amendment No. 1.

[7] In Amendment No. 2, the Exchange stated that (1) with respect to corporate bond issuances, the Adviser expects that under normal circumstances, each of the Funds will generally seek to invest in corporate bond issuances that have at least $100,000,000 par amount outstanding in developed countries and at least $200,000,000 par amount outstanding in emerging market countries; and (2) with respect to each Fund's investments in fixed-income securities, no fixed-income security (excluding Treasury Securities, government-sponsored entity and other exempted securities) will represent more than 30% of the weight of that Fund's total assets, and the five highest weighted fixed income securities held by that Fund (excluding Treasury Securities, government-sponsored entity and other exempted securities) will not in the aggregate account for more than 65% of the weight of that Fund's total assets.

[8] The Trust is registered under the 1940 Act. According to the Exchange, on December 6, 2013, the Trust filed with the Commission registration statements on Form N-1A relating to the Funds ("Registration Statements") (File Nos. 333-179904 and 811-22649). 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. 29571 (File No. 812-13601) ("Exemptive Order").

Funds (the "Adviser").[9] BFA is an indirect wholly-owned subsidiary of BlackRock, Inc. BlackRock Investments, LLC will be the principal underwriter and distributor of the Funds' Shares. State Street Bank and Trust Company will serve as administrator, custodian and transfer agent for the Funds.

B. The Exchange's Description of the Funds

The Exchange has made the following representations and statements in describing the Funds and its investment strategies, including other portfolio holdings and investment restrictions.[10]

1. Principal Investments of the iShares Interest Rate Hedged 0-5 Year High Yield Bond ETF

The High Yield Bond Fund will seek to mitigate the interest rate risk of a portfolio composed of U.S. dollar-denominated, high yield corporate bonds with remaining maturities of less than five years. This Fund will seek to achieve its investment objective by investing, under

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[9] The Exchange represents that the Adviser is not registered as a broker-dealer, but is affiliated with multiple broker-dealers. The Exchange further represents that the Adviser has implemented a "fire wall" with respect to its broker-dealer affiliates regarding access to information concerning the composition of and changes to the Funds' portfolio. In addition, according to the Exchange, in the event (a) the Adviser or any sub-adviser becomes, or becomes newly affiliated with, a broker-dealer, or (b) any new adviser or sub-adviser is, or becomes affiliated with, a broker-dealer, the Adviser or any new adviser or sub-adviser, as applicable, will implement a fire wall with respect to its relevant personnel or its broker-dealer affiliate regarding access to information concerning the composition of and changes to the Funds' portfolio, and will be subject to procedures designed to prevent the use and dissemination of material, non-public information regarding such portfolio.

[10] Additional information regarding the Trust, the Funds, and the Shares, including investment strategies, risks, net asset value ("NAV") calculation, creation and redemption procedures, fees, portfolio holdings disclosure policies, distributions, and taxes, among other information, is included in the Amendments No. 1, No. 2, and the Registration Statements, as applicable. See Amendment No. 1, supra note 5, Amendment No. 2, supra note 7, and Registration Statements, supra note 8.

normal circumstances,[11] at least 80% of its net assets in U.S. dollar-denominated high yield corporate bonds with remaining maturities of less than five years, in one or more investment companies (exchange-traded and non-exchange-traded) that principally invest in high yield bonds, in U.S. Treasury securities (or cash equivalents), and by taking short positions in U.S. Treasury futures, other interest rate futures contracts, and interest rate swaps.[12]

The High Yield Bond Fund intends to initially invest a substantial portion of its assets in one underlying fund, the iShares 0-5 Year High Yield Corporate Bond ETF (the "Underlying High Yield Corporate Bond Fund"). This Fund will attempt to mitigate the interest rate risk primarily through the use of U.S. Treasury futures contracts and interest rate swaps. The High Yield Bond Fund may also take short positions in other interest rate futures contracts, including but not limited to, Eurodollar and Federal Funds futures.

BFA will utilize a model-based proprietary investment process to assemble an investment portfolio composed of (i) long positions in the Underlying High Yield Corporate Bond Fund, (ii) long positions in U.S. dollar-denominated high yield corporate bonds, (iii) long positions in U.S. Treasury securities, and (iv) short positions in U.S. Treasury futures, other interest rate futures contracts, and interest rate swaps. The Exchange notes that the short positions are expected to have, in the aggregate, approximately equivalent duration to the underlying securities in the Underlying High Yield Corporate Bond Fund and to the high yield corporate bonds. By

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11 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.

12 All Funds will invest only in futures contracts that are traded on an exchange that is a member of the Intermarket Surveillance Group ("ISG") or with which the Exchange has in place a comprehensive surveillance sharing agreement. Swaps will be centrally cleared. All derivatives held by the Funds will be collateralized.

taking these short positions, BFA will seek to mitigate the potential impact of rising interest rates on the performance of the Underlying High Yield Corporate Bond Fund and the high yield corporate bonds (conversely also limiting the potential positive impact of falling interest rates). The short positions will not be intended to mitigate other factors influencing the price of high yield bonds, such as credit risk, which may have a greater impact than rising or falling interest rates. Relative to a long-only investment in the same high yield bonds, the High Yield Bond Fund's investment strategy is designed to outperform in a rising interest rate environment and underperform in a falling interest rate environment.

2. Principal Investments of the iShares Interest Rate Hedged 10+ Year Credit Bond ETF

The Credit Bond Fund will seek to mitigate the interest rate risk of a portfolio composed of investment-grade U.S. corporate bonds and U.S. dollar-denominated bonds, including those of non-U.S. corporations and governments, with remaining maturities greater than ten years. This Fund will seek to achieve its investment objective by investing, under normal circumstances,[13] at least 80% of its net assets in investment-grade U.S. corporate bonds and U.S. dollar-denominated bonds, including those of non-U.S. corporations and governments, with remaining maturities greater than ten years, in one or more investment companies (exchange-traded and non-exchange-traded) that principally invest in investment-grade bonds, in U.S. Treasury securities (or cash equivalents), and by taking short positions in U.S. Treasury futures, other interest rate futures contracts, and interest rate swaps.[14]

The Credit Bond Fund intends to initially invest a substantial portion of its assets in one underlying fund, the iShares 10+ Year Credit Bond ETF (the "Underlying Credit Bond Fund").

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13 See supra note 11.

14 See supra note 12.

The Credit Bond Fund will attempt to mitigate the interest rate risk primarily through the use of U.S. Treasury futures contracts and interest rate swaps. The Credit Bond Fund may also invest in other interest rate futures contracts, including but not limited to, Eurodollar and Federal Funds futures.

BFA will utilize a model-based proprietary investment process to assemble an investment portfolio composed of (i) long positions in the Underlying Credit Bond Fund, (ii) long positions in U.S. dollar-denominated investment-grade corporate bonds, (iii) long positions in U.S. Treasury securities, and (iv) short positions in U.S. Treasury futures, other interest rate futures contracts, and interest rate swaps. The short positions are expected to have, in the aggregate, approximately equivalent duration to the underlying securities in the Underlying Credit Bond Fund and to the investment-grade corporate bonds. By taking these short positions, BFA will seek to mitigate the potential impact of rising interest rates on the performance of the Underlying Credit Bond Fund and the investment-grade corporate bonds (conversely also limiting the potential positive impact of falling interest rates). Further, the short positions are not intended to mitigate other factors influencing the price of investment-grade bonds, such as credit risk, which may have a greater impact than rising or falling interest rates. Relative to a long-only investment in the same investment-grade bonds, the Credit Bond Fund's investment strategy is designed to outperform in a rising interest rate environment and underperform in a falling interest rate environment.

3. Principal Investments of the iShares Interest Rate Hedged Emerging Markets Bond ETF

The Emerging Markets Bond Fund will seek to mitigate the interest rate risk of a portfolio composed of U.S. dollar-denominated, emerging market bonds. This Fund will seek to achieve its investment objective by investing, under normal circumstances,[15] at least 80% of its net assets in U.S. dollar-denominated emerging market bonds, in one or more investment companies (exchange-traded and non-exchange-traded) that principally invest in emerging market bonds, in U.S. Treasury securities (or cash equivalents), and by taking short positions in U.S. Treasury futures, other interest rate futures contracts, and interest rate swaps.[16]

The Emerging Markets Bond Fund intends to initially invest a substantial portion of its assets in one underlying fund, the iShares J.P. Morgan USD Emerging Markets Bond ETF (the "Underlying Emerging Markets Bond Fund"). This Fund will attempt to mitigate the interest rate risk primarily through the use of U.S. Treasury futures contracts and interest rate swaps. It may also take short positions in other interest rate futures contracts, including but not limited to, Eurodollar and Federal Funds futures.

BFA will utilize a model-based proprietary investment process to assemble an investment portfolio composed of (i) long positions in the Underlying Emerging Markets Bond Fund, (ii) long positions in U.S. dollar-denominated emerging market bonds, (iii) long positions in U.S. Treasury securities, and (iv) short positions in U.S. Treasury futures, other interest rate futures contracts, and interest rate swaps. The short positions are expected to have, in the aggregate, approximately equivalent duration to the underlying securities in the Underlying Emerging Markets Bond Fund and to the emerging market bonds. By taking these short positions, BFA will seek to mitigate the potential impact of rising interest rates on the performance of the Underlying Emerging Markets Bond Fund and the emerging market bonds (conversely also limiting the potential positive impact of falling interest rates). Further, the short positions are not intended to mitigate other factors influencing the price of emerging market bonds, such as credit risk, which

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15 See supra note 11.

16 See supra note 12.

may have a greater impact than rising or falling interest rates. Relative to a long-only investment in the same emerging market bonds, the Emerging Markets Bond Fund's investment strategy is designed to outperform in a rising interest rate environment and underperform in a falling interest rate environment.

4. Other Investments of the Funds

While each of the Funds, under normal circumstances,[17] will invest at least 80% of its net assets in investments as described above, the Funds may also invest in other certain investments as described below.

The Funds may invest in repurchase and reverse repurchase agreements. The Funds may invest in money market instruments. The instruments in which the Funds may invest include: (i) shares of money market funds (including those advised by BFA or otherwise affiliated with BFA); (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 non-U.S. banks (including non-U.S. branches) and similar institutions; (iv) commercial paper rated, at the date of purchase, "Prime-1" by Moody's® Investors Service, Inc., "F-1" by Fitch Inc., or "A-1" by Standard & Poor's® ("S&P®"), or if unrated, of comparable quality as determined by BFA; (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; and (vi) short-term U.S. dollar-denominated obligations of non-U.S. banks (including U.S. branches) that, in the opinion of

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[17] See supra note 11.

BFA, are of comparable quality to obligations of U.S. banks which may be purchased by the Funds. Any of these instruments may be purchased on a current or forward-settled basis.

Each of the Funds also may invest in options that are traded on a U.S. or non-U.S. exchange and that reference U.S. Treasury securities. To the extent that the High Yield Bond Fund, the Credit Bond Fund, or the Emerging Markets Bond Fund invests in options, not more than 10% of such investment would be in options whose principal trading market is not a member of ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement.

Each of the Funds may invest in debt securities of non-U.S. issuers and may invest in privately-issued debt securities.

III. Description of Comment Letter

As noted above, the Commission received one comment letter from an anonymous commenter.[18] The commenter supported the proposal and stated that the Funds would be a useful tool for individual and small-institutional investors because it is difficult for many investors to otherwise achieve what the Funds claim they will deliver. The commenter also stated that the isolation of credit spread exposure in a liquid and relatively simple product should be attractive to many types of investors.

IV. Discussion and Commission's Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of Section 6 of the Act[19] and the rules and regulations thereunder

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18 See supra note 4.

19 15 U.S.C. 78f.

applicable to a national securities exchange.[20] In particular, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act,[21] which requires, among other things, that the Exchange's rules be designed to promote just and equitable principles of trade, 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 Commission also finds that the proposal to list and trade the Shares on the Exchange is consistent with Section 11A(a)(1)(C)(iii) of the Act,[22] which sets forth Congress' finding that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with respect to quotations for, and transactions in, securities.

Quotation and last-sale information for the Shares and the shares of the Underlying High Yield Corporate Bond Fund, Underlying Credit Bond Fund, the Underlying Emerging Markets Bond Fund, and any other exchange-traded funds held by any of the Funds will be available via the Consolidated Tape Association ("CTA") high-speed line. In addition, the Indicative Optimized Portfolio Indicative Value ("IOPV"), which is the Portfolio Indicative Value as defined in NYSE Arca Equities Rule 8.600(c)(3), will be widely disseminated at least every fifteen seconds during the NYSE Arca Core Trading Session by one or more major market data vendors.[23] On a daily basis, each of the Funds will disclose for each portfolio security or other financial instrument the following information on the Funds' website: ticker symbol, if any;

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20 In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

21 15 U.S.C. 78f(b)(5).

22 15 U.S.C. 78k-1(a)(1)(C)(iii).

23 The Exchange understands that several major market data vendors display and/or make widely available IOPVs taken from CTA or other data feeds.

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 or other asset or instrument underlying the holding,[24] 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; market value of the holding; and the percentage weighting of the holding in the portfolio.[25] The website information will be publicly available at no charge.

In addition, for each of the Funds, a basket composition file, which includes the security names and share quantities required to be delivered in exchange for that Fund's Shares, together with estimates and actual cash components, will be publicly disseminated daily prior to the opening of the New York Stock Exchange ("NYSE") via National Securities Clearing Corporation. The NAV of each of the Funds will be determined as of the close of trading (normally 4:00 p.m., Eastern Time) on each day the NYSE is open for business.

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. Intra-day, closing and settlement prices of exchange-traded portfolio assets, including investment companies, money market instruments, futures and options will be available from the securities exchanges and futures exchanges trading such securities and futures contracts, respectively; automated quotation systems; published or other public sources; or on-line information services, such as Bloomberg or Reuters or any such future service provider. The Funds' website will

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24 Derivatives that reference or allow delivery of more than one asset, such as U.S. Treasury futures, will name the underlying asset generically.

25 See supra note 5.

include a form of the prospectus for the High Yield Bond Fund, the Credit Bond Fund, and the Emerging Markets Bond Fund and additional data relating to NAV and other applicable quantitative information for the Funds.

The Exchange will obtain a representation from the issuer of the Shares that, for each Fund, the NAV per Share will be calculated daily and the NAV and the Disclosed Portfolio will be made available to all market participants at the same time. Trading in Shares 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,[26] and trading in the Shares will be subject to NYSE Arca Equities Rule 8.600(d)(2)(D), which sets forth additional circumstances under which trading in the Shares may be halted. The Exchange states that it has a general policy prohibiting the distribution of material, non-public information by its employees. Consistent with NYSE Arca Equities Rule 8.600(d)(2)(B)(ii), the Commission notes that the Reporting Authority must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material, non-public information regarding the actual components of the Funds' portfolios. In addition, the Exchange states that the Adviser is affiliated with multiple broker-dealers and that the Adviser has implemented a fire wall with respect to its broker-dealer affiliates regarding access to information concerning the composition and changes to the Funds' portfolios.[27] The Exchange

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[26] These reasons may include: (1) the extent to which trading is not occurring in the securities or the financial instruments composing the Disclosed Portfolio of the Funds; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares.

[27] See supra note 9. The Exchange states that an investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 ("Advisers Act"). As a result, the Adviser and its related personnel are subject to the provisions of Rule

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.[28] The Exchange further 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. Moreover, prior to the commencement of trading, the Exchange states that it will inform its Equity Trading Permit Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares.

The Commission notes that the Funds and the Shares must comply with the initial and continued listing criteria in NYSE Arca Equities Rule 8.600 for the Shares to be listed and traded on the Exchange. The Exchange represents that it deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of

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

[28] The Exchange states that FINRA surveils trading on the Exchange pursuant to a regulatory services agreement and that the Exchange is responsible for FINRA's performance under this regulatory services agreement.

equity securities. In support of this proposal, the Exchange has also made the following representations:

(1) The Shares will be subject to NYSE Arca Equities Rule 8.600, which sets forth the initial and continued listing criteria applicable to Managed Fund Shares.

(2) The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions.

(3) FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares, exchange-traded equity securities, futures and options contracts with other markets and other entities that are members of ISG, and FINRA, on behalf of the Exchange, may obtain trading information regarding trading in the Shares, exchange-traded equity securities, futures and options contracts from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares, exchange-trade equity securities, futures and options contracts from ISG member markets or markets with which the Exchange has in place a comprehensive surveillance sharing agreement.

(4) With respect to its exchange-traded equity securities investments, the Funds will invest only in equity securities that trade in markets that are members of the ISG or are parties to a comprehensive surveillance sharing agreement with the Exchange. To the extent that any of the Funds invest in options, not more than 10% of such investment would be in options whose principal trading market is not a member of ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement. The Funds will invest only in

futures contracts that are traded on an exchange that is a member of the ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

(5) 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. Specifically, the Information Bulletin will discuss the following: (a) the procedures for purchases and redemptions of Shares in creation units (and that Shares are not individually redeemable); (b) 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; (c) 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; (d) how information regarding the Portfolio Indicative Value and Disclosed Portfolio is disseminated; (e) 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 (f) trading information.

(6) For initial and continued listing, the Funds will be in compliance with Rule 10A-3 under the Act,[29] as provided by NYSE Arca Equities Rule 5.3.

(7) Each of the Funds may hold up to an aggregate amount of 15% of its net assets in illiquid assets (calculated at the time of investment).

[29] 17 CFR 240.10A-3.

(8) A minimum of 100,000 Shares for each of the Funds will be outstanding at the commencement of trading on the Exchange.

(9) With respect to each Fund's investments in fixed-income securities, no fixed-income security (excluding Treasury Securities, government-sponsored-entity securities, and other exempted securities) will represent more than 30% of the weight of that Fund's total assets, and the five highest weighted fixed income securities held by such Fund (excluding Treasury Securities, government-sponsored entity and other exempted securities) will not in the aggregate account for more than 65% of the weight of that Fund's total assets.

This approval order is based on all of the Exchange's representations, including those set forth above and in Amendments No. 1 and No. 2.

For the foregoing reasons, the Commission finds that the proposed rule change, as modified by Amendments No. 1 and No. 2, is consistent with Section 6(b)(5) of the Act[30] and the rules and regulations thereunder applicable to a national securities exchange.

V. Solicitation of Comments on Amendments No. 1 and No. 2

Interested persons are invited to submit written data, views, and arguments concerning whether Amendments No. 1 and No. 2 are 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-2014-114 on the subject line.

30 15 U.S.C. 78f(b)(5).

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-2014-114. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (http://www.sec.gov/rules/sro.shtml). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEArca-2014-114 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

V. Accelerated Approval of Proposed Rule Change as Modified by Amendment Nos. 1 and 2

The Commission finds good cause to approve the proposed rule change, as modified by Amendments No. 1 and No. 2, prior to the thirtieth day after the date of publication of notice of the amendments in the Federal Register. Amendment No. 1 supplements the proposed rule change by, among other things, supplementing the information that will be provided regarding the Disclosed Portfolios of the Funds. The Commission believes that dissemination of this additional information should aid in the pricing of the Shares. Amendment No. 2 modifies the proposed rule change by specifying (1) the minimum par amounts outstanding for the corporate bonds that generally will be held by the Funds; and (2) portfolio concentration limits for fixed income securities held by the Funds. This assisted the Commission in evaluating the liquidity of certain types of potential holdings and the susceptibility of the Shares to price manipulation. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act,[31] to approve the proposed rule change, as modified by Amendment Nos. 1 and 2, on an accelerated basis.

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,[32] that the proposed rule change as modified by Amendments No. 1 and No. 2 (SR-NYSEArca-2014-114) be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[33]

Brent J. Fields
Secretary

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31 15 U.S.C. 78s(b)(2).

32 15 U.S.C. 78s(b)(2).

33 17 CFR 200.30-3(a)(12).