

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-75540; File No. SR-NYSEArca-2015-50)

July 28, 2015

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, to List and Trade Shares of the Cambria Sovereign High Yield Bond ETF and the Cambria Value and Momentum ETF Under NYSE Arca Equities Rule 8.600

I. Introduction

On June 19, 2015, 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 Cambria Sovereign High Yield Bond ETF and the Cambria Value and Momentum ETF (each a “Fund,” and collectively “Funds”) under NYSE Arca Equities Rule 8.600. The proposed rule change was published for comment in the Federal Register on July 2, 2015.³ On July 1, 2015, the Exchange filed Amendment No. 1 to the proposed rule change.⁴ The Commission received no comments on the proposed rule change. The Commission is publishing this notice to solicit comments on Amendment No. 1 from interested persons, and is approving the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 75311 (June 26, 2015), 80 FR 38253 (“Notice”).

⁴ In Amendment No. 1, the Exchange deletes references to investments that the Funds will not be utilizing and clarifies that U.S. exchange-listed and traded ADRs are included as “Other Investments” only with respect to the Cambria Sovereign High Yield Bond ETF. Amendment No. 1 is available at: <http://www.sec.gov/comments/sr-nysearca-2015-50/nysearca201550.shtml>.

II. The Exchange's Description of the Proposed Rule Change⁵

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. The Shares will be offered by the Cambria ETF Trust ("Trust"), a Delaware statutory trust which is registered with the Commission as an open-end management investment company.⁶ Cambria Investment Management, L.P. ("Cambria" or the "Adviser") will serve as the investment adviser of the Funds. SEI Investments Distribution Co. will be the principal underwriter and distributor of the Funds' Shares. SEI Investments Global Funds Services ("SEI GFS") will serve as the accountant and administrator of the Funds. Brown Brothers Harriman & Co. will serve as the custodian and transfer agent of the Funds' assets.

Cambria Sovereign High Yield Bond ETF

The Exchange states that, under normal market conditions,⁷ at least 80% of the value of the Fund's net assets (plus borrowings for investment purposes) will be invested in sovereign and

⁵ The Commission notes that additional information regarding the Trust, the Fund, its investments, and the Shares, including investment strategies, risks, creation and redemption procedures, fees, portfolio holdings disclosure policies, calculation of net asset value ("NAV"), distributions, and taxes, among other things, can be found in the Notice and the Registration Statement, as applicable. See Notice, supra note 3, and Registration Statement, infra note 6.

⁶ The Exchange states that the Trust will be registered under the 1940 Act. According to the Exchange, on August 27, 2014, the Trust filed an amendment to the Trust's registration statement on Form N-1A under the Securities Act of 1933 (the "1933 Act") (15 U.S.C. 77a), and under the 1940 Act relating to the Funds (File Nos. 333-180879 and 811-22704) (the "Registration Statement"). The Exchange states that the Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act. See Investment Company Act Release No. 30340 (File No. 812-13959) (January 4, 2013).

⁷ The term "under normal market conditions" 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.

quasi-sovereign high yield bonds (commonly known as “junk bonds”). For the purposes of this policy, sovereign and quasi-sovereign high yield bonds include exchange-traded funds (“ETFs”)⁸ and exchange-traded notes (“ETNs”)⁹ that invest in or have exposure to such bonds. The Fund will invest in emerging and developed countries, including countries located in the G-20 and other countries. Sovereign bonds include debt securities issued by a national government, instrumentality or political sub-division. Quasi-sovereign bonds include debt securities issued by a supra-national government or a state-owned enterprise or agency. The sovereign and quasi-sovereign bonds that the Fund will invest in may be denominated in local and foreign currencies. The Fund may invest in securities of any duration or maturity. The Exchange states that the Fund may invest up to 20% of its net assets in money market instruments or other high quality debt securities, cash or cash equivalents, or ETFs and ETNs that invest in, or provide exposure to, such instruments or securities.

Cambria Value and Momentum ETF

The Exchange states that, under normal market conditions, at least 80% of the value of the Fund’s net assets will be invested in U.S. exchange-listed equity securities that are undervalued according to various valuation metrics.

In attempting to avoid overvalued and downtrending markets, the Fund may use U.S. exchange-traded stock index futures or options thereon, or take short positions in ETFs to

⁸ For purposes of this filing, the term “ETFs” includes Investment Company Units (as described in NYSE Arca Equities Rule 5.2(j)(3)); Portfolio Depositary Receipts (as described in NYSE Arca Equities Rule 8.100); and Managed Fund Shares (as described in NYSE Arca Equities Rule 8.600). All ETFs will be listed and traded in the U.S. on a national securities exchange. While the Funds may invest in inverse ETFs, the Funds will not invest in leveraged (e.g., 2X, -2X, 3X or -3X) ETFs.

⁹ For purposes of this filing, the term “ETNs” includes Index-Linked Securities (as described in NYSE Arca Equities Rule 5.2(j)(6)). All ETNs will be listed and traded in the U.S. on a national securities exchange. The Funds will not invest in leveraged (e.g., 2X, -2X, 3X or -3X) ETNs.

attempt to hedge the long equity portfolio during times when Cambria believes that the U.S. equity market is overvalued from a valuation standpoint, or Cambria's models identify unfavorable trends and momentum in the U.S. equity market. The Fund may hedge up to 100% of the value of the Fund's long portfolio using these strategies. During certain periods, including to collateralize the Fund's investments in futures contracts, the Fund may invest up to 20% of the value of its net assets in U.S. dollar and non-U.S. dollar denominated money market instruments or other high quality debt securities, or ETFs that invest in these instruments. The Fund may invest in securities of companies in any industry, and will limit the maximum allocation to any particular sector.

Other Investments

According to the Exchange, while each Fund, under normal market conditions, will invest at least 80% of the value of its net assets (plus borrowings for investment purposes) in the securities and other assets described above, each Fund may invest its remaining assets in the securities and financial instruments described below.

A Fund may invest a portion of its assets in cash or cash items pending other investments or to maintain liquid assets required in connection with some of a Fund's investments. A Fund may invest in corporate debt securities. A Fund may invest in commercial paper, master notes and other short-term corporate instruments that are denominated in U.S. dollars. A Fund may invest in the following types of debt securities in addition to those described above as principal investments: securities issued or guaranteed by the U.S. Government, its agencies, instrumentalities, and political subdivisions; securities issued or guaranteed by foreign governments, their authorities, agencies, instrumentalities and political subdivisions; securities issued or guaranteed by supra-national agencies; corporate debt securities; time deposits; notes;

inflation-indexed securities; and repurchase agreements; indexed bonds; and zero coupon securities.¹⁰ The Cambria Sovereign High Yield Bond ETF may gain exposure to foreign securities by purchasing U.S. exchange-listed and traded American Depositary Receipts (“ADRs”) and each of the Funds may gain exposure to foreign securities by purchasing exchange-traded European Depositary Receipts (“EDRs”) and Global Depositary Receipts (“GDRs”, together with ADRs and EDRs, “Depositary Receipts”).¹¹ The Cambria Sovereign High Yield Bond ETF may enter into forward foreign currency contracts.

III. 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 Act¹² and the rules and regulations thereunder applicable to a national securities exchange.¹³ In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,¹⁴ which requires, among other things, that the Exchange’s rules be 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 a national market system, and, in general, to protect investors and the public interest. The Commission notes that the Funds and the Shares

¹⁰ The debt and other fixed income securities in which a Fund may invest include fixed and floating rate securities of any maturity.

¹¹ See Amendment No. 1, supra note 4. The Exchange states that not more than 10% of the net assets of a Fund in the aggregate invested in exchange-traded equity securities shall consist of equity securities whose principal market is not a member of the Intermarket Surveillance Group (“ISG”) or party to a comprehensive surveillance sharing agreement (“CSSA”) with the Exchange. See Notice, supra note 3, 80 FR at 38255.

¹² 15 U.S.C. 78f.

¹³ In approving this proposed rule change, the Commission notes that it has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹⁴ 15 U.S.C. 78f(b)(5).

must comply with the requirements of NYSE Arca Equities Rule 8.600 for the Shares to be listed and traded on the Exchange.

The Commission 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,¹⁵ which sets forth Congress’s 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. According to the Exchange, quotation and last-sale information for the Shares and equity portfolio holdings of the Funds that are U.S. exchange listed, including common stocks, preferred stocks, ETFs, ETNs, Depositary Receipts, and real estate investment trusts (“REITs”), will be available via the Consolidated Tape Association high-speed line. In addition, the Intraday Indicative Value (“IIV”), 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 Core Trading Session by one or more major market data vendors.¹⁶ On each business day, before commencement of trading in Shares in the Core Trading Session (as defined in NYSE Arca Equities Rule 7.34(a)(2)), each 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 such Fund’s calculation of NAV at the end of the

¹⁵ 15 U.S.C. 78k-1(a)(1)(C)(iii).

¹⁶ According to the Exchange, the IIV does not necessarily reflect the precise composition of the current portfolio of securities held by a Fund at a particular point in time. The IIV should not be viewed as a “real-time” update of the NAV of a Fund because the approximate value may not be calculated in the same manner as the NAV. The quotations for certain investments may not be updated during U.S. trading hours if such holdings do not trade in the U.S., except such quotations may be updated to reflect currency fluctuations.

business day.¹⁷ The NAV of each Fund will be calculated each business day by SEI GFS as of the close of regular trading on the NYSE, generally 4:00 p.m., Eastern Time on each day that the NYSE is open. A basket composition file, which will include the security names and share quantities required to be delivered in exchange for each 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 via the National Securities Clearing Corporation. 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. The website for the Funds will include a form of the prospectus for the Funds and additional data relating to NAV and other applicable quantitative information.

The Commission further believes that the proposal to list and trade the Shares is reasonably designed to promote fair disclosure of information that may be necessary to price the Shares appropriately and to prevent trading when a reasonable degree of transparency cannot be assured. The Commission notes 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

¹⁷ On a daily basis, the Funds will disclose on their website the following information for each Fund regarding their portfolio holdings, as applicable to the type of holding: ticker symbol, CUSIP number or other identifier, if any; a description of the holding (including the type of holding, such as the type of swap); the identity of the security, commodity, index or other asset or instrument underlying the holding, if any; for options, the option strike price; quantity held (as measured by, for example, par value, notional value or number of shares, contracts or units); maturity date, if any; coupon rate, if any; effective date, if any; market value of the holding; and the percentage weighting of the holding in a Fund's portfolio. The website information will be publicly available at no charge.

Portfolio will be made available to all market participants at the same time.¹⁸ In addition, 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 a Fund may be halted. The Exchange may halt trading in the Shares if trading is not occurring in the securities and/or the financial instruments constituting the Disclosed Portfolio of a Fund, or if other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.¹⁹ Further, the Commission notes that the Reporting Authority that provides the Disclosed Portfolio of each Fund 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 portfolio.²⁰ The Commission notes that the Financial Industry Regulatory Authority (“FINRA”), on behalf of the Exchange,²¹ will communicate as needed regarding trading in the Shares and any underlying common stocks, preferred stocks, Depositary Receipts, REITs, ETFs, ETNs, futures and options on futures with other markets and other entities that are members of the Intermarket Surveillance Group. FINRA, on behalf of the Exchange, may obtain trading information regarding trading in the Shares, ETFs, ETNs, futures and options on futures from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares, common stocks,

¹⁸ See NYSE Arca Equities Rule 8.600(d)(1)(B).

¹⁹ See NYSE Arca Equities Rule 8.600(d)(2)(C) (providing additional considerations for the suspension of trading in or removal from listing of Managed Fund Shares on the Exchange). 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 each Fund. Trading in Shares of a 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.

²⁰ See NYSE Arca Equities Rule 8.600(d)(2)(B)(ii).

²¹ The Exchange states that, while 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.

preferred stocks, Depositary Receipts, REITs, ETFs, ETNs, futures and options on futures from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. The Exchange states that it has a general policy prohibiting the distribution of material, non-public information by its employees. The Exchange also states that the Adviser is not registered as a broker-dealer or affiliated with a broker-dealer. 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, the Exchange states that the Adviser 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.

The Exchange represents that the Shares are deemed to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities.

In support of this proposal, the Exchange has made additional representations, including:

- (1) The Shares of each Fund will conform to the initial and continued listing criteria under NYSE Arca Equities Rule 8.600.
- (2) The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions.
- (3) Trading in the Shares will be subject to the existing trading surveillances, administered by FINRA on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws and 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.

- (4) 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 Unit aggregations (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 the 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.
- (5) For initial and/or continued listing, the Funds will be in compliance with Rule 10A-3 under the Act,²² as provided by NYSE Arca Equities Rule 5.3.
- (6) A minimum of 100,000 Shares of each Fund will be outstanding at the commencement of trading on the Exchange.

²² 17 CFR 240.10A-3.

- (7) Not more than 10% of the net assets of a Fund in the aggregate invested in exchange-traded equity securities shall consist of equity securities whose principal market is not a member of the ISG or party to a CSSA with the Exchange.

This approval order is based on all of the Exchange's representations.

For the foregoing reasons, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with Section 6(b)(5) of the Act²³ and the rules and regulations thereunder applicable to a national securities exchange.

IV. Solicitation of Comments on Amendment No. 1

Interested persons are invited to submit written data, views, and arguments concerning whether Amendment No. 1 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-2015-50 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-2015-50. 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

²³ 15 U.S.C. 78f(b)(5).

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-2015-50 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 No. 1

The Commission finds good cause to approve the proposed rule change, as modified by Amendment No. 1, prior to the thirtieth day after the date of publication of notice in the Federal Register. Amendment No. 1 supplements the proposed rule change by deleting references to investments that the Funds will not be utilizing and clarifies that U.S. Exchange-listed and traded ADRs are included as “Other Investments” only with respect to the Cambria Sovereign High Yield Bond ETF. The Commission believes that this additional information provides clarity about the Funds’ permitted investments. Accordingly, the Commission finds good cause,

pursuant to Section 19(b)(2) of the Act,²⁴ to approve the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

VI. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,²⁵ that the proposed rule change (SR-NYSEArca-2015-50), as modified by Amendment No. 1, be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁶

Robert W. Errett
Deputy Secretary

²⁴ 15 U.S.C. 78s(b)(2).

²⁵ 15 U.S.C. 78s(b)(2).

²⁶ 17 CFR 200.30-3(a)(12).