SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- 75698; File No. SR-NYSEArca-2015-68)

August 14, 2015

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change Relating to Implementation of a Fee on Securities Lending and Repurchase Transactions with Respect to Shares of the CurrencyShares® Euro Trust and the CurrencyShares® Japanese Yen Trust

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 July 30, 2015, NYSE Arca, Inc. (the "Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II.A, II.B, and III below, which Items have been prepared by the Exchange. 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 a rule change relating to implementation of a fee on securities lending and repurchase transactions with respect to shares of the CurrencyShares® Euro Trust and the CurrencyShares® Japanese Yen Trust, which are currently listed and traded on the Exchange under NYSE Arca Equities Rule 8.202. 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.

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

2 15 U.S.C. 78a.

3 17 CFR 240.19b-4.

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

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

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

1. Purpose

The Exchange lists and trades shares of the CurrencyShares® Euro Trust (the "Euro Trust" or "FXE") and the CurrencyShares® Japanese Yen Trust (the "Yen Trust" or "FXY" and together with the Euro Trust, the "Trusts") under NYSE Arca Equities Rule 8.202.[4]

The FXE and FXY hold euros and Japanese yen, respectively, and issue shares in baskets of 50,000 shares ("Baskets of Shares") in exchange for deposits of euros or yen, respectively. Each Trust redeems Baskets of Shares and distributes euros or yen, respectively. The shares of FXE and FXY ("Shares") represent units of fractional undivided beneficial interests in the assets held by the relevant Trust. The investment objective of each Trust is for a Trust's Shares to reflect the price (in U.S. dollars ("USD")) of the foreign currency held by a Trust, plus accrued interest and less the expenses and liabilities of such Trust. The Shares are intended to provide institutional and retail investors with a simple, cost-effective means of including in their

[4] Shares of the Trusts initially were approved for listing and trading on the New York Stock Exchange, Inc. See Securities Exchange Act Release Nos. 52843 (November 28, 2005), 70 FR 72486 (December 5, 2005) (SR-NYSE-2005-65) (order approving listing and trading of Shares of the CurrencyShares® Euro Trust); 55268 (February 9, 2007), 72 FR 7793 (February 20, 2007) (SR-NYSE-2007-03) (order approving listing and trading of Shares of the CurrencyShares® Japanese Yen Trust).

investment portfolio economic exposure to a particular foreign currency to, for example, hedge foreign currency risk in other portfolio assets or against U.S. dollar fluctuations more generally.

As Sponsor of the Trusts, Guggenheim receives a management fee, which is intended to compensate Guggenheim for its service as Sponsor and to cover certain Trust expenses. The management fee is paid monthly out of a Trust's assets and calculated as a percentage of the currency held by each Trust. With regard to the Euro Trust and Yen Trust, Guggenheim's fee accrues daily at an annual nominal rate of 0.40% of the euros and yen in each Trust, respectively. As described below, the management fee directly impacts the net asset value ("NAV") of the Shares.

To calculate NAV, the trustee adds to the amount of euros or yen in a Trust at the end of the preceding business day:

- accrued but unpaid interest;
- euros or yen receivable under pending purchase orders; and
- the value of other Trust assets.

From this sum, the trustee then subtracts:

- the accrued but unpaid management fee,
- euros or yen payable under pending redemption orders; and
- any other Trust expenses and liabilities.

The value of a Trust's Shares is determined by dividing a Trust's NAV by the number of Shares outstanding. Because the accrued but unpaid management fee is subtracted from the assets in calculating NAV on a daily basis,[5] the value of the Shares decreases at a predictable

[5] To calculate NAV, the Trustee adds to the amount of euros/yen in the Trusts at the end of the preceding business day, accrued but unpaid interest, euros/yen receivable under pending purchase orders and the value of other Trust assets, and subtracts the accrued but

rate independent of the value of the currency held by each Trust. This predictable rate at which the value of a Trust falls as a result of the management fee is referred to as the "Management Fee Decay".

Like other equity securities, Shares of each Trust may be lent by shareholders to other market participants. This securities lending activity can facilitate short selling of Shares, as well as other investment strategies.[6] Once loaned, such Shares may be (i) redeemed by the borrower for underlying Trust assets or (ii) sold.

The Sponsor has represented to the Exchange that it has identified a strategy ("Strategy") that permits market participants ("Traders") to profit from the reduction in the NAV of the Shares over time associated with Management Fee Decay to the detriment of the value of the Shares held by shareholders who do not engage in the Strategy.

Pursuant to the Strategy, a Trader borrows Shares and then either (1) sells the borrowed Shares, taking a short position in the Shares,[7] or (2) redeems the borrowed Shares for euros or yen, as applicable.

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unpaid management fee, euros/yen payable under pending redemption orders and other Trust expenses and liabilities, if any.

6 A short sale is any sale of a security which the seller does not own or any sale which is consummated by the delivery of a security borrowed by, or for the account of, the seller. Short sales are normally settled by the delivery of a security borrowed by or on behalf of the investor. The investor later closes out the position by returning the borrowed security to the stock lender, typically by purchasing securities on the open market.

7 To fully hedge the risk of changes in the value of the currency underlying the Shares in the Trader's short position, the Trader, simultaneously would acquire a long position in an amount of the underlying currency in the Trader's short position or buy a derivative that provides a comparable long exposure to the underlying currency. This long position would also serve as collateral for the borrowed Shares. For example, if a Trader borrows Shares of FXE and redeems them from the Euro Trust, the Trader would receive euros (good collateral) to finance the borrow. If the Trader is required to post 105% of the value of the collateral, then 100% of the value of the collateral would consist of the redeemed euros and 5% would be other collateral in the Trader's account (of which the 5% amount would have a 6 basis points haircut at current rates). The Trader's profit

Because of the Management Fee Decay, the number of units of foreign currency underlying the Shares the Trader has sold short is reduced over time. Therefore, when the Trader unwinds its short position in the Shares by creating Shares through delivery of the currency it held as a hedge, or when the Trader purchases Shares and sells the currency held as a hedge, it will do so at lower cost than when it sold (or purchased) the Shares.

The Trader's profit from this Strategy is equal to the Management Fee Decay attributable to the Shares sold short, plus or minus the net cost of borrowing the Shares[8] and other transaction costs. The following two examples explain how this operates -- one where the Trader sells the borrowed Shares short, the other where the Trader redeems the borrowed Shares.

Example 1 – Selling Short FXE

Before the trade, there are 100 euros in the Trust for each outstanding Share. Assuming a USD/euro exchange rate of $1.10, FXE would be trading at $110 per Share. A Trader borrows 50,000 Shares of FXE and sells them for $5.5 million to obtain a short position of 50,000 Shares. At the same time, to hedge the short exposure to euros, the Trader obtains a long position in euros by entering into a forward contract to purchase in one year 4.98 million euros for $5.478 million. The Trader holds these positions for a year, by which time the FXE has predictably decayed by the 40 basis point management fee, regardless of the change in the USD/euro

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would be 40 basis points (the amount of the management fee) on 100% of the value of euros, less the 6 basis points haircut on 5% of the collateral. (A haircut is the percentage by which an asset's market value is reduced for the purpose of calculating capital requirement, margin and collateral levels. When they are used as collateral, securities will generally be devalued since a cushion is required by the lending parties in case the market value falls.)

8 Collateral provided by a Trader to a lender of Shares will be invested by the lender. The agreement between the lender and Trader as to how income from invested collateral is shared will impact the cost of the lending arrangement. Specifically, the lender may assess the Trader a charge in addition to retaining any investment income, the lender may retain the investment income but not charge anything additional to the Trader, or the lender and Trader may split any resulting income from the investment of collateral.

exchange rate.

Payment of the management fee by the Trust results in the sale of euros, causing the number of euros per Share to fall from 100 euros for each Share to 99.6 euros for each Share. As a result, the Trader can now create 50,000 Shares by depositing only 4.98 million euros, which the Trader can purchase for $5.478 million, and return the borrowed Shares. The $20,000 difference in cost to create 50,000 Shares one year after selling short 50,000 Shares for $5.5 million is profit. The Trader's transaction costs would be the cost of the forward contract, commissions, and any fees charged by the lender.

Example 2 – Redeeming FXE

Before the trade, there are 100 euros in the Trust for each outstanding Share. Assuming a USD/euro exchange rate of $1.10, FXE would be trading at $110 per Share. A Trader borrows 50,000 Shares of FXE and redeems them in exchange for 5 million euros. The Trader uses the proceeds of the redemption as collateral for the stock borrow. The Trader holds this position for a year. Regardless of whether the USD/euro exchange rate rises or falls, the amount of euros per Share held by the Trust will fall because of the Management Fee Decay.

When the Trader redeemed the Shares, there were one hundred euros in the Euro Trust for each outstanding Share. During the year, the Euro Trust has had to sell euros to pay management fees, and therefore there are now only 99.6 euros per outstanding Share in the Euro Trust. As a result, the Trader will only have to deposit 4.98 million euros to create 50,000 Shares of FXE. The 20,000 euros difference between the 5 million euros received from redeeming 50,000 Shares and the 4.98 million euros cost to create 50,000 Shares one year later is the Trader's profit. The Trader's transaction costs would be commissions and any fees charged by the lender.

Shareholders who do not lend their Shares to Traders subsidize the Strategy employed by the lenders and Traders. The long holder of Shares agrees to pay a management fee for exposure to the underlying currency. When a shareholder lends its Shares, it retains the benefit of exposure to the euros or yen in a Trust. However, a Trader that borrows the Shares and redeems or sells its borrowed Shares deprives a Trust of the assets against which the management fee is assessed. The lender retains a long position in the Shares even though the assets reflecting its long position are no longer in a Trust and thus do not bear a proportional cost of managing the assets in a Trust. In this way, lenders and Traders that engage in the Strategy are subsidized by long holders of the Shares that do not lend their Shares.

The Sponsors continue to bear the cost of providing shareholder services to shareholders that lend Shares to Traders, even though, because Traders sell these borrowed Shares or redeem them with a Trust, there are no assets associated with these borrowed Shares against which a management fee is assessed to support these services. Long holders of Shares that do not lend to Traders are bearing the costs associated with lenders' long positions in Shares that Traders redeem or sell. Through the loan arrangement, the lender and Trader share the economics of the predictable fall in the value of the Shares due to the Management Fee Decay. Long holders of Shares that do not lend their Shares are subsidizing this Strategy through their assets against which the management fee is assessed.

This Strategy is not available with asset classes other than exchange-traded products because shares of operating companies do not charge management fees or provide investors with the ability to redeem their shares in exchange for the underlying assets. Thus, shares of a company do not have a decay that is extrinsic to the value of the company or a structure that provides the ability for the holder of a short interest to perfectly hedge its short position.

The Sponsor further represents that the Strategy discussed above is detrimental to liquidity in the Shares. Because of the large outstanding short positions in the Shares, the Sponsor represents that it is difficult to borrow Shares, particularly for market participants that are not Authorized Participants[9] that are seeking to engage in short selling for trading strategies other than the Strategy. The availability of the Strategy provides an incentive for third parties to short the Shares of the Trusts, thereby depleting the pool of Shares potentially available to be borrowed by market participants that are not Authorized Participants. Such activity impedes the ability of market makers that are not Authorized Participants to provide liquidity by taking short positions in the Shares, potentially resulting in market makers' public quotes being wider than would be the case if Shares were more readily borrowable. A lack of liquidity and wider spreads harms all investors through higher costs to buy and sell Shares.

As described in an April 8, 2013, amendment to the depositary trust agreement ("Trust Agreement") governing the administration of each Trust,[10] the Sponsor has determined and advised the Trustee that Traders have been borrowing substantial numbers of Shares and either

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9 An Authorized Participant is a Depository Trust Company ("DTC") Participant that is a registered broker-dealer or other securities market participant such as a bank or other financial institution that is not required to register as a broker-dealer to engage in securities transactions and has entered into a Participant Agreement with the Trustee. Only Authorized Participants may place orders to create or redeem Baskets.

10 See Global Amendments to Certain Depositary Trust Agreements filed as Exhibit 10.1 to Current Reports on Form 8-K filed by the Trusts and incorporated by reference into the Registration Statements:

http://www.sec.gov/Archives/edgar/data/1353613/000119312513147214/d518785d8k.htm (Form 8-K filed April 8, 2013 by the Japanese Yen Trust);

http://www.sec.gov/Archives/edgar/data/1353613/000119312513147214/d518785dex101.htm (Exhibit 10.1, Global Amendment to Certain Depositary Trust Agreements); http://www.sec.gov/Archives/edgar/data/1328598/000119312513147205/d518761d8k.htm (Form 8-K filed April 8, 2013 by the Euro Trust); and http://www.sec.gov/Archives/edgar/data/1328598/000119312513147205/d518761dex101.htm (Exhibit 10.1, Global Amendment to Certain Depositary Trust Agreements).

selling them short or redeeming them with a Trust. The amendment to the depositary trust agreement states that the impact on Beneficial Owners (as defined in each Trust Agreement) is that they may be subsidizing short positions to their disadvantage.[11]

For this reason, the Exchange is filing this proposed rule change relating to a fee (the "ETF Loan Fee") on securities lending and repurchase transactions with respect to the Shares, which are currently listed and traded on the Exchange. Guggenheim Specialized Products, LLC ("Guggenheim" or the "Sponsor"), the sponsor of the Trusts,[12] would receive the proceeds of the ETF Loan Fee, less an amount equal to 20 percent of such fee, which would be paid to Precidian Investments, LLC ("Precidian"), the Loan Fee Administrator. Precidian has in turn engaged BNY Mellon to act as Loan Fee Collection Agent on its behalf. The Loan Collection Agent would be paid by Precidian and would not further reduce the proceeds paid to the Sponsor. Guggenheim would use the net proceeds from the ETF Loan Fee to offset management fees otherwise payable to it by the Trusts or to pay other Trust-related expenses.[13]

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11 The Trust Agreement defines "Beneficial Owner" consistent with Article 8 of the Uniform Commercial Code as "any Person owning, through DTC, a DTC Participant, or an Indirect Participant, a Share." The lender of Shares would be the Beneficial Owner and would be required to pay the "ETF Loan Fee", as described below. If the borrower sells the Shares, the buyer would be a Beneficial Owner under this definition. Because the loan would also be recorded on the books of DTC, the borrower also is a Beneficial Owner when the Beneficial Owner takes delivery of the Shares.

12 See the registration statement for the Euro Trust on Form S-3 under the Securities Act of 1933 (the "Euro Registration Statement") dated February 4, 2013 (File No. 333-186440) and the Yen Trust on Form S-3 under the Securities Act of 1933 dated January 1, 2014 (File No. 333-193514) (the "Yen Registration Statement" and, together with the Euro Registration Statement, the "Registration Statements").

13 See Global Amendments to Certain Depositary Trust Agreements cited at note 10, supra.

The Sponsor believes and has advised the Trustee that it is in the best interest of the Beneficial Owners to impose an "ETF Loan Fee"[14] on such transactions. The Sponsor believes the ETF Loan Fee would benefit the Trusts and Beneficial Owners because ETF Loan Fee proceeds received (net of amounts retained by the Loan Fee Administrator) would be used to offset management fees.[15] The Exchange believes that the ETF Loan Fee would compensate for the loss of a management fee against long positions held by lenders of Shares to Traders. Because Traders redeem or sell such Shares, no assets remain in a Trust against which a management fee is assessed. Nevertheless, the lender retains a long position in the Shares. Thus the ETF Loan Fee is intended to fairly reflect the cost to a Trust and Beneficial Owners of the Strategy.

The procedures proposed by the Trusts would prohibit any shareholder from lending any Shares to another person (a "Loan Transaction"), or selling any Shares to another person subject to an agreement to repurchase Shares (a "Repurchase Transaction" and, collectively with a Loan Transaction, a "Permissible Stock Loan"), unless such shareholder notifies the custodian or its designee of such transaction on or prior to the inception of the Permissible Stock Loan. A

14 The term "ETF Loan Fee" means that amount, accrued daily and payable monthly, equal to the annual management fee, which is an annual nominal rate of 0.40% (or such lower annual nominal rate as may be determined by the Sponsor from time to time) of the aggregate market value of the Shares involved in the "Permissible Stock Loan" (as defined below) based on the closing price each day from the inception date of such transaction through the termination of such transaction. Based on current market valuations, the ETF Loan Fee for Shares of the Euro Trust would be approximately 1/8 cent per Share per day and for Shares of the Yen Trust would be approximately 1/11 cent per Share per day as of March 27, 2015. The ETF Loan Fee would be implemented upon effectiveness of amendments to the depository trust agreements and approval of this Rule 19b-4 filing by the Commission and after sixty days' notice to shareholders. The ETF Loan Fee will apply to any Shares loaned or sold subject to an agreement to repurchase after the sixty day notification period.

15 The Exchange has relied on materials and information provided by Guggenheim and Precidian, including amendments to the Registration Statements, for the description of the proposed ETF Loan Fee and its justification contained herein.

shareholder engaging in a Permissible Stock Loan (a "Loaning Shareholder") also would be required to notify the custodian or its designee of the termination of the Permissible Stock Loan on or prior to the termination of such transaction. For the pendency of the Permissible Stock Loan, the Loaning Shareholder would be obligated to pay the custodian the ETF Loan Fee with respect to that transaction. The ETF Loan Fee would be applicable to Loan Transactions occurring following Commission approval of this proposed rule change and after sixty days' notice to shareholders.[16] For these Loan Transactions, the ETF Loan Fee would accrue from the effective date of the ETF Loan Fee until the Loan Transaction is terminated.

Upon effectiveness of amendments to the Trusts' depository trust agreements and Commission approval of this proposed rule change, and after sixty days' notice to shareholders (the "ETF Loan Fee Effective Date"), holders of Shares would be prohibited from lending Shares or selling Shares subject to an agreement to repurchase, without notifying BNY Mellon, as the ETF Loan Fee collection agent of the Trusts (the "Loan Fee Collection Agent"),[17] and agreeing to pay the ETF Loan Fee. Self-reporting to the Loan Fee Collection Agent would be made by a shareholder's custodian, broker-dealer or lending agent via a web portal and would not require identification of the individual shareholder.

The ETF Loan Fee is expected to equal Guggenheim's management fee on a per Share basis[18]. Guggenheim has asserted that it is not permitted to contribute revenue collected via the

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16 See note 14, supra.

17 Holders will be required to notify the Loan Fee Collection Agent at the inception and termination of all Share lending and repurchase transactions. Each Trust's website will specify the form and manner of delivery for notices to the Loan Fee Collection Agent.

18 Guggenheim has informed the Exchange that it expects the ETF Loan Fee to be 40 basis points per annum.

ETF Loan Fee to the Trusts, but has stated that it intends to offset all fees received against management fees otherwise owed to it by the Trusts.

To facilitate administration and collection of the ETF Loan Fee, Guggenheim intends to engage Precidian to serve as Administrator of the ETF Loan Fee. Once the ETF Loan Fee Collection Agent is notified of a transaction subject to the ETF Loan Fee, it would convey such information to Precidian, which would accrue the ETF Loan Fee on a daily basis and report it to each Trust. On a monthly basis, Precidian or its agent would bill Depository Trust & Clearing Corporation ("DTCC") participants based on their loan transactions or the loan transactions of their clients and distribute the net ETF Loan Fee to Guggenheim.[19]

Given that the proposed ETF Loan Fee is equal to the annual management fee, the proposed ETF Loan Fee should not affect the market in the Shares, including market makers' ability to arbitrage. If, for example, FXE Shares are trading at a premium to euros, an arbitrageur, in an attempt to profit from the difference between the price of a euro and a Share of FXE, could sell FXE short, simultaneously buy euros, exchange euros for one or more Baskets of 50,000 FXE Shares, and then close out the short position with the Basket or Baskets of FXE Shares. To minimize market risk, an arbitrageur typically would not carry a position in to the next trading day. Thus, because the short position was closed out the same day, the arbitrageur would not incur the ETF Loan Fee. If FXE Shares are trading at a discount to euros, an arbitrageur could buy one or more Baskets of FXE Shares and simultaneously sell euros short, redeem the FXE Shares for euros at the end-of-day NAV, and close out the euro short position

[19] As a fee of the Trusts, the administration and collection of the ETF Loan Fee would be the responsibility of the Sponsor, the Loan Fee Administrator and the Loan Fee Collection Agent. The Exchange would have no role in such administration or collection and would not monitor the billing, collection or payment of the ETF Loan Fee with respect to any market participant.

with the euros received on redemption. In this case, because the arbitrageur did not acquire a short position in FXE Shares, no ETF Loan Fee would be incurred.

The Exchange also notes that market makers can create new Shares and redeem Shares if needed to facilitate market making activity.

The Exchange believes that the Strategy has had a negative impact on shareholders who do not lend their Shares because lenders of Shares maintain a long exposure to the Trust while profiting from a Strategy that eliminates the assets in trust against which a management fee is assessed. These lenders are freeriding on the management fee paid by those shareholders that do not lend Shares.

As a consequence of the Strategy, the issuer cannot achieve economies of scale necessary to reduce management fees charged to shareholders, which are being paid only by those shareholders who do not lend their Shares. Assessing the ETF Loan Fee would have a positive impact on shareholders that do not lend their Shares because the ETF Loan Fees collected would be used to offset Trust expenses, bringing down the management fee.

The ETF Loan Fee would eliminate the economic incentive for market participants to engage in the Strategy. Market participants could still sell FXE and FXY short, but the Traders who borrow those Shares would not be subsidized by those shareholders who do not lend their Shares. Eliminating the economic distortion created by the Strategy, would facilitate pricing of FXE and FXY on parity with the underlying asset (i.e., euros or yen).

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)[20] that an exchange have rules that are designed to prevent fraudulent and manipulative

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[20] 15 U.S.C. 78f(b)(5).

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 Sponsor has represented that short interest in Shares of the Euro Trust exceeded the number of outstanding Shares by a ratio of 2.6 to 1 as of March 27, 2015. Short interest in the Shares of the Yen Trust was 1.6 to 1 as of March 27, 2015. Because of this large short interest, Guggenheim asserts that it is difficult to borrow Shares and, thus, the cost of borrowing Shares increases. The ETF Loan Fee would make the Strategy less economically desirable and, therefore, would be expected to reduce costs associated with borrowing of Shares by market participants engaged in short selling.[21]

In addition, the Sponsor has stated an intention to credit ETF Loan Fees that it receives against management fees otherwise owed to it by the Trusts and other Trust-related expenses, which will inure to the benefit of Beneficial Owners of Shares.

The Exchange notes that the ETF Loan Fee, as described above, would be imposed on Loaning Shareholders at an annual rate of 0.40% (or such lower annual nominal rate as may be determined by the Sponsor from time to time). The imposition of the ETF Loan Fee is not expected to have a significant impact on the market for the Shares.

The Exchange believes that the proposed rule change is designed to prevent abusive and manipulative acts and practices in that the ETF Loan Fee is not expected to have a disparate impact on the arbitrage mechanics as they relate to the Shares. and should not impact market

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[21] The Sponsor has represented that, because of the large number of short positions in Shares, FXE and FXY are consistently hard to borrow securities. The cost of borrowing hard to borrow securities is generally higher than the cost to borrow easy to borrow securities. The Sponsor believes that imposition of the Loan Fee will cause a large reduction in the outstanding short positions, thereby potentially reducing the cost of borrowing even after payment of the Loan Fee.

makers' ability to arbitrage. As noted above, to minimize market risk, an arbitrageur, in connection with an arbitrage transaction, typically would not carry a position in to the next trading day, and, because a short position would be closed out the same day, the arbitrageur would not incur the ETF Loan Fee. If an arbitrageur did not acquire a short position in the Shares in connection with an arbitrage transaction, no ETF Loan Fee would be incurred. In addition, market makers can create and redeem Shares if needed to facilitate market making activity.

The ETF Loan Fee is intended to eliminate the economic incentive for market participants to short sell FXE and FXY that the Management Fee Decay creates. The ETF Loan Fee would be imposed only on market participants that have made the business decision to assume and maintain a short position in the Shares. The Exchange notes that short positions can be closed out by creating new Shares pursuant to applicable FXE and FXY creation procedures. Market participants could avoid imposition of the ETF Loan Fee by creating new Shares to cover short positions.

The Exchange believes that imposition of the ETF Loan Fee would not materially impact trading of the Shares. The 40 basis point management fee currently is assessed against assets in the Trust. Like fees of other pooled investments, the accrued management fee is deducted from the NAV calculated daily. A long position in the CurrencyShares Euro Trust, for example, represents a long exposure to euros and a simultaneous short exposure to U.S. dollars. Conversely, a short position in the CurrencyShares Euro Trust represents a short exposure to euros and a simultaneous long exposure in U.S. dollars. As a given currency must be priced in terms of a different currency (that is, if priced in its own currency, the currency will always equal itself whether it appreciates or declines), for a Trust, entering a long position is economically similar to entering a short position in so far as both positions effectively constitute a simultaneous long and a short position of one of the applicable currencies in the cross rate. One side (i.e., the long side) of these mirrored positions already imposes a 40 basis point management fee. Because the long and short positions would be symmetrical after imposition of the ETF Loan Fee, the imposition of a 40 basis points fee on short positions would not be expected to have a different market impact from that resulting from the current management fee.

The proposed rule change is designed to promote just and equitable principles of trade and to perfect the mechanism of a free and open market and to protect investors and the public interest. According to the Sponsor, the ETF Loan Fee is not expected to negatively affect short selling generally, but rather only affect certain types of short selling activities conducted by certain market participants (namely the Strategy) at the expense of long investors. As a result of imposing the ETF Loan Fee, the Sponsor anticipates that more Shares will be available for lending which is expected to reduce the overall cost of lending and borrowing the Shares and positively affect liquidity to the benefit of investors and the public interest. As noted above, the Sponsor believes the ETF Loan Fee would benefit the Trusts and Beneficial Owners because ETF Loan Fee proceeds received (net of amounts retained by the Loan Fee Administrator and Loan Fee Collection Agent) would be used to offset management fees. The Exchange believes that the ETF Loan Fee promotes just and equitable principles of trade because it is intended to reflect the cost to the Trusts and Beneficial Owners of the Strategy. Because the Sponsor will reduce management fees owed to it by the Trusts in amounts equal to the net ETF Loan Fees collected, investors and the public should be positively affected.

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 purpose of the ETF Loan Fee is to reduce borrowing costs by reducing short interest in the Shares, which currently far exceeds the number of Shares outstanding. In addition, the Exchange notes that ETF Loan Fee proceeds received (net of amounts retained by the Loan Fee Administrator and Loan Fee Collection Agent) would be used to offset management fees. The ETF Loan Fee will be imposed only on market participants that have made the business decision to assume and maintain a short position in the Shares, which short positions can be closed out by creating new Shares pursuant to applicable FXE and FXY creation procedures.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others[22]

On August 21, 2013, NYSE Regulation, Inc. issued a Regulatory Bulletin (RB-13-72 or "Regulatory Bulletin") requesting comment on the proposed ETF Loan Fee.[23] Comment was requested on the following issues, as discussed further below: (1) Regulation SHO and short selling; (2) impact on arbitrage of the ETF Loan Fee and impact on administration of the Trusts; (3) fair application of the ETF Loan Fee; (4) logistical matters; and (5) general matters regarding application and implementation of the ETF Loan Fee.

1. Regulation SHO and Short Selling. NYSE Regulation requested comment

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22 See Form 19b-4, Sections 5 and 11; see also Exhibits 2a (Regulatory Bulletin RB-13-17) and 2b (Precidian Letter and SIFMA Letter, each as defined herein) to the proposed rule change. Although the Exchange failed to transcribe this Item II.C in its Exhibit 1, the following summary of the comments it received on the proposed rule change is as prepared and submitted by the Exchange on its Form 19b-4.

23 See Regulatory Bulletin RB-13-72, dated August 21, 2013, from NYSE Regulation, Inc. to all NYSE Arca, Inc. Equity Trading Permit Holders and Issuers with Securities Listed on NYSE Arca, Inc.

as to whether the proposed ETF Loan Fee is consistent with, and in furtherance of, the purposes of Regulation SHO,[24] and, specifically, whether the proposed ETF Loan Fee would serve as a disincentive to short selling; whether the proposed ETF Loan Fee would make it more difficult for market participants to satisfy the "locate" requirement of Regulation SHO or increase the likelihood of failed deliveries; and, given that Shares can be created on any day and liquidity is therefore not dependent upon borrowing Shares, whether the proposed ETF Loan Fee would negatively impact trading in the securities or impede market making.

The Exchange received two comment letters in response to RB-13-72. In a letter dated September 23, 2013, the Securities Industry and Financial Markets Association ("SIFMA") stated its belief that imposition of the ETF Loan Fee would raise significant legal, regulatory, logistical and trading issues.[25]

In a letter dated September 20, 2013, Precidian stated that, notwithstanding that shares of exchange-traded funds can be created at will, thereby eliminating the need to fail on settlement, ETFs have substantially larger short interest than traditional corporate issuers because of the Management Fee Decay described in RB-13-72.[26] Precidian stated that this decay meant that persons short selling ETF shares have an economic advantage over persons short selling shares

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24 Rule 203(b)(1) of Regulation SHO, 17 CFR 242.203(b)(1), requires broker-dealers, prior to accepting a short sale order in an equity security from another person, or effecting a short-sale in an equity security for their own account, to borrow the security, enter into a bona-fide arrangement to borrow the security, or have reasonable grounds to believe that the security can be borrowed so that such security can be delivered on the date delivery is due.

25 See letter dated September 23, 2013 from Theodore R. Lazo, Managing Director and Associate General Counsel, SIFMA, and Kyle Brandon, Managing Director, Director of Research, SIFMA, to John Carey, Vice President -- Legal, NYSE Regulation, Inc. ("SIFMA Letter").

26 See letter dated September 20, 2013 from Daniel J. McCabe, President, Precidian Funds, LLC, to John Carey, Vice President -- Legal, NYSE Regulation, Inc. ("Precidian Letter").

of other issuers. Precidian stated that the inherent decay in the price of ETF shares in relation to the underlying basket of securities is unique and that, as Precidian understands the ETF Loan Fee proposal, the ETF Loan Fee is designed to put short sellers of ETF shares on equal footing with short sellers of other types of securities, and, as such, would not seem to be in conflict with the purposes of Regulation SHO. Moreover, the ability of market participants to create shares at will provides an unlimited number of shares that can be located and borrowed. Precidian stated that market making would not be impacted by the ETF Loan Fee since market makers are not required to locate securities before short selling and can create or redeem shares at will, and therefore are capable of limiting their risk.

2. Impact on arbitrage/administration of the Trusts. The Regulatory Bulletin requested comment on any perceived impact that application of the ETF Loan Fee will have upon arbitrage or administration of the Trusts; any possible impact on creation/redemption or arbitrage mechanisms; whether the ETF Loan Fee would impact any relief granted by the Commission's 2006 Commodity-Based Investment Vehicle Class Letter[27] or the 2005 Euro Trust Letter,[28] including with respect to Regulation M under the Act; and, given that the proposed ETF Loan Fee is approximately 1/7 per Share per day[29] and the current creation/redemption fee for Shares of the Trusts is 1 cent per Share for the first 250,000 Shares, whether the proposed ETF Loan Fee would have a disparate impact on the market compared to the creation/redemption fee.

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27 http://www.sec.gov/divisions/marketreg/mr-noaction/currencyshares062106-10a1.pdf

28 http://www.sec.gov/divisions/marketreg/mr-noaction/eurocurrency120505.htm

29 The representation regarding the proposed Loan Fee being approximately 1/7 per Share per day was as of the August 21, 2013 date of the Regulatory Bulletin. As noted above, the ETF Loan Fee for Shares of the Euro Trust would be approximately 1/8 cent per Share per day and for Shares of the Yen Trust would be approximately 1/11 cent per Share per day as of March 27, 2015.

In the Precidian Letter, Precidian stated that the proposed ETF Loan Fee is only a fraction of the amount of the creation and redemption fee, and, therefore, would presumably have far less impact on arbitrage than the creation and redemption fee itself. Any market participant seeing that Shares are trading above indicative intraday value will immediately sell shares, which will move the price back to its normal value, at which point the market participant will buy the shares back. Precidian stated that such a trade does not involve any type of arbitrage.

3. <u>Fair application of the ETF Loan Fee</u>. The Regulatory Bulletin stated that successful implementation and collection of the ETF Loan Fee requires shareholders to self-report Share lending and repurchase activity to the Loan Fee Collection Agent. The Regulatory Bulletin requested comment as to whether reliance upon a self-reporting process is appropriate to ensure that the ETF Loan Fee is collected fairly and appropriately. Additionally, the Regulatory Bulletin requested comment as to whether a fee based upon self-reporting compliance (and where the only recourse for non-compliance is the collections process) is consistent with Section 6(b)(5) of the Act.

The Precidian Letter states that, as Precidian understands the issue Guggenheim is trying to address, sophisticated market participants are taking advantage of the decay inherent in ETF shares to the disadvantage of fund managers, service providers and shareholders. Precidian believes the lack of a procedure permitting an ETF Loan Fee is inconsistent with the objectives of Section 6(b)(5) of the Act in that the current situation (whereby certain market participants are implementing the Strategy, as described above) is inconsistent with the public interest and permits discrimination between sophisticated investors (who can take advantage of the situation) and the general public.

4. <u>Logistical Matters</u>. The Regulatory Bulletin requested comment on any

identifiable logistical issues with respect to the implementation and collection of the ETF Loan Fee, including additional burdens, if any, that imposition of the ETF Loan Fee would impose upon market participants (including, for example, implementation of procedures relating to systems, reporting, data collection and record keeping).

In the Precidian Letter, Precidian stated that it did not see any meaningful additional burden that imposition of the ETF Loan Fee would impose on shareholders.

5. General Matters. The Regulatory Bulletin requested comment on whether market participants agree that the Strategy enables Traders to profit from Management Fee Decay, and, specifically, whether Traders have the ability to profit from the reduction in value of the Shares resulting from the Management Fee Decay while maintaining a riskless, fully hedged position. The Regulatory Bulletin also requested comment on whether certain types of exchange-traded products are particularly susceptible to the Strategy and, if so, whether the proposed ETF Loan Fee would be appropriate only for such securities; whether it would impact the Strategy; whether and how the Strategy is beneficial or detrimental to the market for the Shares, including with respect to any impact on asset growth and on short selling generally; whether the proposed ETF Loan Fee would be effective in discouraging the Strategy; and how the proposed ETF Loan Fee could or could not be viewed as a burden on competition not necessary in furtherance of the Act and is consistent with Section 6(b) of the Act.

In the SIFMA Letter, SIFMA stated its belief that the ETF Loan Fee is potentially inconsistent with the requirements of Section 6(b)(5) of the Act. SIFMA also questioned the description of the underlying strategy cited by Guggenheim as the basis for its request, as well as the assertion that the Strategy is only available to professional investors. For example, it said, the description of the Strategy does not seem to account for the cost associated with the borrowing of the ETF.

In the Precidian Letter, Precidian stated that the existence of large short positions that exceed the number of shares outstanding negatively affects the market by making it far more expensive for legitimate short sellers to borrow shares. The proposed ETF Loan Fee should actually reduce the cost of borrowing ETF shares by eliminating the artificial demand to borrow shares. The proposed ETF Loan Fee should eliminate the profit in the Strategy and therefore will eliminate the practice for the Trusts. The Strategy negatively impacts the ability of market participants that want to maintain a net short position, as opposed to a fully-hedged position, by making it more expensive to borrow Shares. Precidian stated that the ability of market participants to implement the Strategy and the current inability of fund sponsors to protect themselves from the negative impact of the Strategy is a burden on competition that is inconsistent with the Act.

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

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

(A) by order approve or disapprove the proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSEArca-2015-68 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-2015-68. 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 Section, 100 F Street, NE, Washington, DC 20549 on official business days between 10:00 a.m. and 3:00 p.m. Copies of the filing will also be available for inspection and copying at the NYSE's principal office and on its Internet website at www.nyse.com. 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-2015-68 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.[30]

Robert W. Errett
Deputy Secretary

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[30] 17 CFR 200.30-3(a)(12).