

Text of the Proposed Rule Change:¹

Rules of NYSE Arca, Inc.

Rule 5.2(j)(3). Investment Company Units

Commentary:

.01 Equity. The Corporation may approve a series of Units for listing and/or trading (including pursuant to unlisted trading privileges) pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934. Units listed pursuant to Rule 19b-4(e) shall satisfy the criteria set forth in (a)(A), (B) or (C) and (b) through ([i]h) below, provided further, that the Corporation may not so approve a series of Units that are issued by an open-end management investment company that seeks to provide investment results, before fees and expenses, in an amount that exceeds -300% of the percentage performance on a given day of a particular domestic equity, international or global equity securities index. For Units approved by the Corporation for trading pursuant to unlisted trading privileges, only paragraphs (c), (e), (f)[, (g)] and ([h]g) below are required to be satisfied.

(a) - (d) No change.

[(e) *Minimum Price Variation.* The minimum price variation for quoting and entry of orders in a series of Units is \$0.01 as provided in Rule 7.6(a), Commentary .03.]

[(f)e] *Hours of Trading.* The hours of trading for series of Units are the same as those provided in Rule 7.34(a).

[(g)f] *Surveillance Procedures.* The Corporation will implement written surveillance procedures for Units.

[(h]g] *Disclosures.* The provisions of this subparagraph apply only to series of Units that are the subject of an order by the Securities and Exchange Commission exempting such series from certain prospectus delivery requirements under Section 24(d) of the Investment Company Act of 1940 and are not otherwise subject to prospectus delivery requirements under the Securities Act of 1933. The Corporation will inform ETP Holders regarding application of these provisions of this

¹ New text is underscored and deleted text is in brackets.

subparagraph to a particular series of Units by means of an information circular prior to commencement of trading in such series.

The Corporation requires that ETP Holders provide to all purchasers of a series of Units a written description of the terms and characteristics of those securities, in a form approved by the Corporation or prepared by the open-end management investment company issuing such securities, not later than the time a confirmation of the first transaction in such series is delivered to such purchaser. In addition, ETP Holders shall include such a written description with any sales material relating to a series of Units that is provided to customers or the public. Any other written materials provided by an ETP Holder to customers or the public making specific reference to a series of Units as an investment vehicle must include a statement in substantially the following form: "A circular describing the terms and characteristics of (the series of Units) has been prepared by the (open-end management investment company name) and is available from your broker. It is recommended that you obtain and review such circular before purchasing (the series of Units)."

An ETP Holder carrying an omnibus account for a non-ETP Holder is required to inform such non-ETP Holder that execution of an order to purchase a series of Units for such omnibus account will be deemed to constitute agreement by the non-ETP Holder to make such written description available to its customers on the same terms as are directly applicable to ETP Holders under this rule.

Upon request of a customer, an ETP Holder shall also provide a prospectus for the particular series of Units.

(i) Creation and Redemption. For Units listed pursuant to Commentary .01(a)(B) or (C) above, the statutory prospectus or the application for exemption from provisions of the Investment Company Act of 1940 for the series of Units must state that the series of Units must comply with the federal securities laws in accepting securities for deposits and satisfying redemptions with redemption securities, including that the securities accepted for deposits and the securities used to satisfy redemption requests are sold in transactions that would be exempt from registration under the Securities Act of 1933.

.02 Fixed Income. Fixed Income Securities are debt securities that are notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, U.S. Department of Treasury securities ("Treasury Securities"), government-sponsored entity securities ("GSE Securities"), municipal securities, trust preferred securities, supranational debt and debt of a foreign country or a subdivision thereof. The Corporation may approve a series of Units based on Fixed Income Securities for listing and pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 provided such portfolio or index (i) has been reviewed and approved for the trading of options, Units, Portfolio Depository Receipts, Index-Linked Exchangeable Notes or Index-Linked Securities by the Commission under Section 19(b)(2) of the Securities Exchange Act of 1934 and rules thereunder and the conditions set forth in the

Commission's approval order, continue to be satisfied or (ii) satisfy the following criteria, and provided further, that the Corporation may not so approve a series of Units that are issued by an open-end management investment company that seeks to provide investment results, before fees and expenses, in an amount that exceeds -300% of the percentage performance on a given day of a particular Fixed Income Securities index. For Units based on Fixed Income Securities that are approved by the Corporation for trading pursuant to unlisted trading privileges, only paragraphs (c), (e), (f)[, (g),] and ([h]g) below are required to be satisfied.

(a)-(d) No Change.

[(e) *Minimum Price Variation*. The provisions of Commentary .01(e) above shall apply to series of Units listed pursuant to Commentary .02(a) above.]

[(f)e] *Hours of Trading*. The provisions of Commentary .01([(f)e] above shall apply to series of Units listed pursuant to Commentary .02(a) above.

[(g)f] *Surveillance Procedures*. The provisions of Commentary .01([(g)f] above shall apply to series of Units based on Fixed Income Securities that are listed and/or traded pursuant to UTP.

[(h]g) *Disclosures*. The provisions of Commentary .01([(h]g) above will apply to series of Units based on Fixed Income Securities.

.03 The Corporation may approve a series of Units based on a combination of indexes or an index or portfolio of component securities representing the U.S. or domestic equity market, the international equity market, and the fixed income market for listing and trading pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 provided (i) such portfolio or combination of indexes have been reviewed and approved for the trading of options, Units, Portfolio Depository Receipts, Index-Linked Exchangeable Notes or Index-Linked Securities by the Commission under Section 19(b)(2) of the Securities Exchange Act of 1934 and rules thereunder and the conditions set forth in the Commission's approval order continue to be satisfied or (ii) each index or portfolio of equity and fixed income component securities separately meet either the criteria set forth in Commentary .01(a) or .02(a) above, and provided further, that the Corporation may not so approve a series of Units that is issued by an open-end management investment company that seeks to provide investment results, before fees and expenses, in an amount that exceeds -300% of the percentage performance on a given day of a particular domestic equity, international or global equity securities index or Fixed Income Securities index or a combination thereof. For such Units that are approved by the Corporation for trading pursuant to unlisted trading privileges, only paragraphs (c), (e), (f)[, (g),] and ([h]g) of Commentary .01 above are required to be satisfied.

Rule 7.6. Trading Differentials

Commentary:

.01- .02 No change.

[.03] The minimum price variation for quoting and entry of orders in series of Investment Company Units ("Units") and Portfolio Depositary Receipts is \$0.01.

. 04].03 The minimum price variation ("MPV") for quoting and entry of orders in equity securities traded on the NYSE Arca Marketplace is \$0.01, with the exception of securities that are priced less than \$1.00 for which the MPV for order entry is \$0.0001, provided, however, that the Corporation shall round the bid down to the next whole penny or the offer up to the next whole penny and display the rounded bid or offer in the consolidated quotation system.

[.05].04 Notwithstanding [Commentaries .03 and .04]Commentary . 03 above, Midpoint Cross Orders and Midpoint Directed Fills may be executed and reported in increments as small as one-half of the minimum price variation.

Rule 8.100. Portfolio Depositary Receipts

Commentary:

.01 Equity. The Corporation may approve a series of Portfolio Depositary Receipts for listing and/or trading (including pursuant to unlisted trading privileges) pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934. Portfolio Depositary Receipts listed pursuant to Rule 19b-4(e) shall satisfy the criteria set forth in (a)(A), (B) or (C) and (b) through ([h]g) below. For series of Portfolio Depositary Receipts approved by the Corporation for trading pursuant to unlisted trading privileges, only the criteria set forth in Rule 8.100(c) and paragraphs (c), (e)[, (f),] and ([g]f) below are required to be satisfied.

(a) – (d) No change.

[(e) *Minimum Price Variation.* The minimum price variation for quoting and entry of orders in a series of Portfolio Depositary Receipts is \$0.01 as provided in Rule 7.6(a), Commentary .03.]

[(f)e] *Hours of Trading.* The hours of trading for series of Portfolio Depositary Receipts are the same as those provided in Rule 7.34(a).

([g]f) *Surveillance Procedures*. The Corporation will implement written surveillance procedures for Portfolio Depositary Receipts.

([h]g) *Creation and Redemption*. For Portfolio Depositary Receipts listed pursuant to Commentary .01(a)(B) or (C) above, the statutory prospectus or the application for exemption from provisions of the Investment Company Act of 1940 for the series of Portfolio Depositary Receipts must state that the Trust must comply with the federal securities laws in accepting securities for deposits and satisfying redemptions with redemption securities, including that the securities accepted for deposits and the securities used to satisfy redemption requests are sold in transactions that would be exempt from registration under the Securities Act of 1933.

.02 Fixed Income. Fixed Income Securities are debt securities that are notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, U.S. Department of Treasury securities ("Treasury Securities"), government-sponsored entity securities ("GSE Securities"), municipal securities, trust preferred securities, supranational debt and debt of a foreign country or a subdivision thereof. The Corporation may approve a series of Portfolio Depositary Receipts based on Fixed Income Securities for listing and pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 provided such portfolio or index (i) has been reviewed and approved for the trading of options, Investment Company Units, Portfolio Depositary Receipts, Index-Linked Exchangeable Notes or Index-Linked Securities by the Commission under Section 19(b)(2) of the Securities Exchange Act of 1934 and rules thereunder and the conditions set forth in the Commission's approval order, continue to be satisfied or (ii) the following criteria is satisfied. For Portfolio Depositary Receipts based on Fixed Income Securities that are approved by the Corporation for trading pursuant to unlisted trading privileges, only the criteria set forth in Rule 8.100(c) and paragraphs (c), (e)[, (f),] and ([g]f) below are required to be satisfied.

(a) – (d) No change.

[(e) *Minimum Price Variation*. The provisions of Commentary .01(e) above shall apply to series of Portfolio Depositary Receipts listed pursuant to Commentary .02(a) above.]

[(f)e] *Hours of Trading*. The provisions of Commentary .01([f]e) above shall apply to series of Portfolio Depositary Receipts listed pursuant to Commentary .02(a) above.

([g]f) *Surveillance Procedures*. The provisions of Commentary .01([g]f) above shall apply to series of Portfolio Depositary Receipts based on Fixed Income Securities that are listed and/or traded pursuant to UTP.

.03 The Corporation may approve a series of Portfolio Depositary Receipts based on a combination of indexes or an index or portfolio of component securities representing the U.S. or domestic equity market, the international equity market, and the fixed income

market for listing and trading pursuant to Rule 19b-4(e) under the Securities Exchange Act of 1934 provided (i) such portfolio or combination of indexes have been reviewed and approved for the trading of options, Investment Company Units, Portfolio Depository Receipts, Index-Linked Exchangeable Notes or Index-Linked Securities by the Commission under Section 19(b)(2) of the Securities Exchange Act of 1934 and rules thereunder and the conditions set forth in the Commission's approval order continue to be satisfied or (ii) each index or portfolio of equity and fixed income component securities separately meet either the criteria set forth in Commentary .01(a) or .02(a) above. For such Portfolio Depository Receipts that are approved by the Corporation for trading pursuant to unlisted trading privileges, only the criteria set forth in Rule 8.100(c) and paragraphs (c), (e), (f), and (g) of Commentary .01 above are required to be satisfied.

Rule 8.600. Managed Fund Shares

Commentary:

.01 - .02 No change.

[.03] **.03** Minimum Price Variance. The minimum price variation for quoting and entry of orders in Managed Fund Shares is \$0.01.

.04] **.03** Surveillance Procedures. The Exchange will implement written surveillance procedures for Managed Fund Shares.

[.05] **.04** Creation and Redemption. For Managed Fund Shares based on an international or global portfolio, the statutory prospectus or the application for exemption from provisions of the Investment Company Act of 1940 for the series of Managed Fund Shares must state that the series of Managed Fund Shares must comply with the federal securities laws in accepting securities for deposits and satisfying redemptions with redemption securities, including that the securities accepted for deposits and the securities used to satisfy redemption requests are sold in transactions that would be exempt from registration under the Securities Act of 1933.

[.06] **.05** *Disclosures*. The provisions of this subparagraph apply only to series of Managed Fund Shares that are the subject of an order by the Securities and Exchange Commission exempting such series from certain prospectus delivery requirements under Section 24(d) of the Investment Company Act of 1940 and are not otherwise subject to prospectus delivery requirements under the Securities Act of 1933. The Corporation will inform ETP Holders regarding application of these provisions of this subparagraph to a particular series of Managed Fund Shares by means of an information circular prior to commencement of trading in such series.

The Corporation requires that ETP Holders provide to all purchasers of a series of Managed Fund Shares a written description of the terms and characteristics of those securities, in a form prepared by the open-end management investment company issuing such securities, not later than the time a confirmation of the first transaction in such series is delivered to such purchaser. In addition, ETP Holders shall include such a written description with any sales material relating to a series of Units that is provided to customers or the public. Any other written materials provided by an ETP Holder to customers or the public making specific reference to a series of Managed Fund Shares as an investment vehicle must include a statement in substantially the following form: "A circular describing the terms and characteristics of (the series of Managed Fund Shares) has been prepared by the (open-end management investment company name) and is available from your broker. It is recommended that you obtain and review such circular before purchasing (the series of Managed Fund Shares)."

An ETP Holder carrying an omnibus account for a non-ETP Holder is required to inform such non-ETP Holder that execution of an order to purchase a series of Managed Fund Shares for such omnibus account will be deemed to constitute agreement by the non-ETP Holder to make such written description available to its customers on the same terms as are directly applicable to ETP Holders under this rule.

Upon request of a customer, an ETP Holder shall also provide a prospectus for the particular series of Managed Fund Shares.

[.07] .06 If the investment adviser to the Investment Company issuing Managed Fund Shares is affiliated with a broker-dealer, such investment adviser shall erect a "fire wall" between the investment adviser and the broker-dealer with respect to access to information concerning the composition and/or changes to such Investment Company portfolio. Personnel who make decisions on the Investment Company's portfolio composition must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable Investment Company portfolio.
