

Test of the Proposed Rule Change¹

Rules of NYSE Arca Equities, Inc.

Rule 7

Equities Trading

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Rule 7.34. Trading Sessions

(a) Sessions. The NYSE Arca Marketplace shall have three trading sessions each day the Corporation is open for business unless otherwise determined by the Corporation:

(1) – (3) No Change.

(4) Trading Halts for Trading Pursuant to Unlisted Trading Privileges of Derivative Securities Products on the NYSE Arca Marketplace.

(A) Opening Session. If a security described in NYSE Arca Equities Rules 5.1(b)(13), 5.1(b)(18), 5.2(j)(3), 8.100, 8.200, 8.201, 8.202, 8.203, 8.204, 8.300, 8.400, 8.500, 8.600, [and] 8.700, and 8.900 (for purposes of this Rule 7.34, a “Derivative Securities Product”) begins trading on the NYSE Arca Marketplace in the Opening Session and subsequently a temporary interruption occurs in the calculation or wide dissemination of the Intraday Indicative Value (“IIV”) or the value of the underlying index, as applicable, to such Derivative Securities Product, by a major market data vendor, NYSE Arca may continue to trade the Derivative Securities Product for the remainder of the Opening Session.

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¹ Underlining indicates new text; [brackets] indicate deletions.

Rule 8

Trading of Certain Equity Derivatives

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Rule 8.900. Managed Portfolio Shares

(a) The Corporation will consider for trading, whether by listing or pursuant to unlisted trading privileges, Managed Portfolio Shares that meet the criteria of this Rule.

(b) Applicability. This Rule is applicable only to Managed Portfolio Shares. Except to the extent inconsistent with this Rule, or unless the context otherwise requires, the rules and procedures of the Board of Directors shall be applicable to the trading on the Corporation of such securities. Managed Portfolio Shares are included within the definition of "security" or "securities" as such terms are used in the Rules of the Corporation.

(c) Definitions. The following terms as used in the Rules shall, unless the context otherwise requires, have the meanings herein specified:

(1) Managed Portfolio Share. The term "Managed Portfolio Share" means a security that (a) is issued by a registered investment company ("Investment Company") organized as an open-end management investment company or similar entity, that invests in a portfolio of securities selected by the Investment Company's investment adviser consistent with the Investment Company's investment objectives and policies; (b) is issued in any size amount for a cash amount equal to the next determined net asset value; (c) may be redeemed for cash by any Retail Investor in any size less than a Redemption Unit for a cash amount equal to the next determined net asset value; and (d) when aggregated in a number of shares equal to a Redemption Unit, or multiples thereof, may be redeemed at a holder's request, which holder will be paid through a blind trust established for its benefit a portfolio of securities and/or cash with a value equal to the next determined net asset value.

(2) Retail Investor. The term "Retail Investor" means (i) a natural person; (ii) a trust established for the benefit of a natural person or a group of related family members; or (iii) a tax deferred retirement plan where investments are selected by a natural person purchasing for its own account.

(3) Portfolio Indicative Value. The term "Portfolio Indicative Value" is the estimated indicative value of an Managed Portfolio Share based on all of the issuer's holdings as of the close of business on the prior business day.

(4) Redemption Unit. The term "Redemption Unit" means a specified number of Managed Portfolio Shares used for determining whether a Retail Investor may

redeem for cash.

(5) Reporting Authority. The term "Reporting Authority" in respect of a particular series of Managed Portfolio Shares means a reporting service designated by the issuer and acceptable to the Corporation or by the exchange that lists a particular series of Managed Portfolio Shares (if the Corporation is trading such series pursuant to unlisted trading privileges) as the official source for calculating and reporting information relating to such series, including, but not limited to, the Portfolio Indicative Value, net asset value, or other information relating to the issuance, redemption or trading of Managed Portfolio Shares. A series of Managed Portfolio Shares may have more than one Reporting Authority, each having different functions.

(d) Initial and Continued Listing -- Managed Portfolio Shares will be listed and traded on the Corporation subject to application of the following criteria:

(1) Initial Listing -- Each series of Managed Portfolio Shares will be listed and traded on the Corporation subject to application of the following initial listing criteria:

(A) For each series, the Corporation will establish a minimum number of Managed Portfolio Shares required to be outstanding at the time of commencement of trading on the Corporation.

(B) The Corporation will obtain a representation from the issuer of each series of Managed Portfolio Shares that the net asset value per share for the series will be calculated daily and that the net asset value will be made available to all market participants at the same time.

(2) Continued Listing -- Each series of Managed Portfolio Shares will be listed and traded on the Corporation subject to application of the following continued listing criteria:

(A) Portfolio Indicative Value. The Portfolio Indicative Value for Managed Portfolio Shares will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Core Trading Session.

(B) Suspension of trading or removal. The Corporation will consider the suspension of trading in or removal from listing of a series of Managed Portfolio Shares under any of the following circumstances:

(i) if, following the initial twelve-month period after commencement of trading on the Exchange of a series of Managed Portfolio Shares, there are fewer than 50 beneficial holders of the series of Managed Portfolio Shares for 30 or more consecutive trading days;

(ii) if the value of the Portfolio Indicative Value is no longer calculated or made available to all market participants at the same time;

(iii) if the Investment Company issuing the Managed Portfolio Shares has failed to file any filings required by the Securities and Exchange Commission or if the Corporation is aware that the Investment Company is not in compliance with the conditions of any exemptive order or no-action relief granted by the Securities and Exchange Commission to the Investment Company with respect to the series of Managed Portfolio Shares; or

(iv) if such other event shall occur or condition exists which, in the opinion of the Corporation, makes further dealings on the Corporation inadvisable.

(C) Trading Halt. If the Portfolio Indicative Value of a series of Managed Portfolio Shares is not being disseminated as required, the Corporation may halt trading during the day in which the interruption to the dissemination of the Portfolio Indicative Value occurs. If the interruption to the dissemination of the Portfolio Indicative Value persists past the trading day in which it occurred, the Corporation will halt trading no later than the beginning of the trading day following the interruption. If a series of Managed Portfolio Shares is trading on the Corporation pursuant to unlisted trading privileges, the Corporation will halt trading in that series as specified in Rule 7.34(a). In addition, if the Exchange becomes aware that the net asset value with respect to a series of Managed Portfolio Shares is not disseminated to all market participants at the same time, it will halt trading in such series until such time as the net asset value is available to all market participants.

(D) Termination. Upon termination of an Investment Company, the Corporation requires that Managed Portfolio Shares issued in connection with such entity be removed from Corporation listing.

(E) Voting. Voting rights shall be as set forth in the applicable Investment Company prospectus.

(e) Limitation of Corporation Liability. Neither the Corporation, the Reporting Authority, nor any agent of the Corporation shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any current portfolio value; the current value of the portfolio of securities required to be deposited to the open-end management investment company in connection with issuance of Managed Portfolio Shares; the amount of any dividend equivalent payment or cash distribution to holders of Managed Portfolio Shares; net asset value; or other information relating to the purchase, redemption, or trading of Managed Portfolio Shares, resulting from any negligent act or omission by the Corporation, the Reporting Authority or any agent of the Corporation, or any act, condition, or cause beyond the reasonable control of the Corporation, its agent, or the Reporting Authority, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission, or delay in the reports of transactions in one or more underlying securities.

Commentary:

.01 The Corporation will file separate proposals under Section 19(b) of the Securities Exchange Act of 1934 before the listing and trading of Managed Portfolio Shares.

.02 Transactions in Managed Portfolio Shares will occur during the trading hours specified in NYSE Arca Equities Rule 7.34(a).

.03 Surveillance Procedures. The Exchange will implement written surveillance procedures for Managed Portfolio Shares.

.04 Creation and Redemption. Authorized Participants redeeming Managed Portfolio Shares will sign an agreement with the Fund requiring the establishment of a blind trust for the benefit of such Authorized Participant that will receive all consideration from the issuer in a redemption, which blind trust will be bound not to disclose the consideration received in a redemption except as required by law and will liquidate any securities received in a redemption in accordance with standing instructions for the Authorized Participant.

.05 If the investment adviser to the Investment Company issuing Managed Portfolio 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.
