

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-80534; File No. SR-NYSEArca-2017-41)

April 26, 2017

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Reflect Changes in the Name of, the Investment Objective for, and the Means of Achieving the Investment Objective Applicable to the PIMCO Total Return Active Exchange-Traded Fund

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (“Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on April 17, 2017, NYSE Arca, Inc. (“Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. 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 to reflect changes in the name of, the investment objective for, and the means of achieving the investment objective applicable to, the PIMCO Total Return Active Exchange-Traded Fund (the “Fund”). The Fund is currently listed and traded on the Exchange under NYSE Arca Equities Rule 8.600. The proposed rule change is available on the Exchange’s website at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

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 Commission has approved the listing and trading on the Exchange of shares (“Shares”) of the Fund,<sup>4</sup> under NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares.<sup>5</sup> The Shares are offered by PIMCO ETF Trust (the “Trust”), a

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<sup>4</sup> See Securities Exchange Act Release Nos. 65988 (December 16, 2011), 76 FR 79741 (December 22, 2011) (SR-NYSEArca-2011-95) (notice of filing of proposed rule change relating to listing and trading of Shares of the Fund on the Exchange) (“First Prior Notice”); 66321 (February 3, 2012), 77 FR 6850 (February 9, 2012) (SR-NYSEArca-2011-95) (order approving listing and trading of Shares of the Fund on the Exchange) (“First Prior Order”). See also Securities Exchange Act Release Nos. 70905 (November 20, 2013) (SR-NYSEArca-2013-122) (notice of filing of proposed rule change relating to use of derivative instruments by the Fund) (“Second Prior Notice”); 72666 (July 24, 2014), 79 FR 44224 (July 30, 2014) (SR-NYSEArca-2013-122) (order approving proposed rule change as modified by Amendment No. 2 thereto relating to use of derivative instruments by the Fund) (“Second Prior Order”); 73331 (October 9, 2014), 79 FR 62213 (October 16, 2014) (SR-NYSEArca-2014-104) (notice of filing and immediate effectiveness of proposed rule change relating to use of derivatives by certain PIMCO exchange traded funds); 75475 (July 16, 2015), 80 FR 43507 (July 22, 2015) (SR-NYSEArca-2015-63) (notice of filing and immediate effectiveness of proposed rule change relating to a change in the size of a Creation Unit applicable to Shares of the Fund) (collectively, the “Prior Releases”).

<sup>5</sup> A Managed Fund Share is a security that represents an interest in an investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1) (“1940 Act”) organized as an open-end investment company or similar entity that invests in a portfolio of securities selected by its investment adviser consistent with its investment objectives and policies. In contrast, an open-end investment company that issues Investment Company Units, listed and traded on the Exchange under NYSE Arca Equities Rule 5.2(j)(3), seeks to provide investment results that correspond generally to the price and yield performance of a specific foreign or domestic stock index, fixed income securities index or combination thereof.

statutory trust organized under the laws of the State of Delaware and registered with the Commission as an open-end management investment company.<sup>6</sup> The investment manager to the Fund is Pacific Investment Management Company LLC (“PIMCO” or the “Adviser”). The Fund’s Shares are currently listed and traded on the Exchange under NYSE Arca Equities Rule 8.600.

In this proposed rule change, the Exchange proposes to reflect changes in the name of the Fund, the Fund’s investment objective, and the means of seeking the Fund’s investment objective, as described below.<sup>7</sup>

#### Name of the Fund

The Adviser proposes that the name of the Fund be changed from that stated in the Prior Releases to the PIMCO Active Bond Exchange-Traded Fund. The Adviser represents that the Fund’s name is changing to better reflect the Fund’s revised investment objective and the Fund’s revised investment strategy.

#### Investment Objective

The Prior Releases stated that the Fund would seek maximum total return, consistent with preservation of capital and prudent investment management. The Adviser proposes revise [sic]

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<sup>6</sup> The Trust is registered under the 1940 Act. On October 31, 2016 the Trust filed with the Commission the most recent post-effective amendment to its registration statement under the Securities Act of 1933 (15 U.S.C. 77a) (“1933 Act”) and under the 1940 Act relating to the Fund (File Nos. 333-155395 and 811-22250) (the “Registration Statement”). The description of the operation of the Trust and the Fund herein is based, in part, on the Registration Statement. In addition, the Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act. See Investment Company Act Release No. 28993 (November 10, 2009) (File No. 812-13571) (“Exemptive Order”).

<sup>7</sup> The changes described herein have been filed with the Commission in a supplement, dated March 7, 2017, to the Trust’s Registration Statement. See note 5 [sic], supra. The Adviser represents that it will manage the Fund in the manner described in the Prior Releases, and will not implement the changes described herein until the proposed rule change is operative.

the investment objective of the Fund to state that the Fund will seek current income and long-term capital appreciation, consistent with prudent investment management.

### Investment Strategies

The First Prior Notice stated that the Fund will invest primarily (under normal market circumstances, at least 65% of its total assets) in investment-grade Fixed Income Instruments<sup>8</sup>, but may invest up to 10% of its total assets in high yield Fixed Income Instruments rated B3 through Ba1 by Moody's Investors Service, Inc. ("Moody's"), or equivalently rated by Standard & Poor's Ratings Services ("S&P") or Fitch, Inc. ("Fitch"), or, if unrated, determined by PIMCO to be of comparable quality. In the Second Prior Order, the Commission approved a revision to this statement to provide that the Fund will invest under normal market circumstances at least 65% of its total assets in a diversified portfolio of Fixed Income Instruments of varying maturities, which may be represented by derivatives related to Fixed Income Instruments. The Adviser proposes to revise the descriptions to state that the Fund will primarily (under normal market circumstances, at least 65% of its total assets) invest in a diversified portfolio of Fixed Income Instruments of varying maturities, which may be represented by derivatives related to Fixed Income Instruments, but may invest up to 30% of its total assets in high yield Fixed Income Instruments (which may be represented by derivatives related to Fixed Income Instruments) rated B3 through Ba1 by [sic] Moody's, or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality. The Adviser represents that the proposed change to the Fund's investment in such high yield Fixed Income Instruments is consistent with the Fund's proposed revised investment objective, and will further assist the Adviser to achieve such investment objective.

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<sup>8</sup> See First Prior Notice, note 9, and Second Prior Notice, note 10, for a description of Fixed Income Instruments.

Also, the First Prior Notice stated the average portfolio duration of the Fund normally will vary within two years (plus or minus) of the duration of the Bloomberg Barclays U.S. Aggregate Index (formerly, the Barclays Capital U.S. Aggregate Index). The Adviser proposes to change this representation to provide that the average portfolio duration of the Fund will no longer be measured against the duration of the Bloomberg Barclays U.S. Aggregate Index, but instead normally will vary from zero to eight years based on PIMCO's market forecasts. The Adviser represents that the proposed change to the average portfolio duration of the Fund is consistent with the Fund's proposed revised investment objective, and will further assist the Adviser to achieve such investment objective.

Except for the changes noted above, all other representations made in the Prior Releases remain unchanged.

All terms referenced but not defined herein are defined in the Prior Releases.

## 2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)<sup>9</sup> that an exchange have rules that are 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, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices, and is designed to promote just and equitable principles of trade and to protect investors and the public interest, in that the change in the Fund's investment objective will specify that the Fund will seek current income and long-term capital appreciation,

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<sup>9</sup> 15 U.S.C. 78f(b)(5).

consistent with prudent investment management. The Adviser believes such change will enable investors to better understand the Fund's expected investment activities and determine if and/or to what extent an investment in the Fund is appropriate for their portfolios. With respect to the proposed change to the Fund's name, the Adviser represents that the Fund's name is changing to better reflect the Fund's revised investment objective and the Fund's revised investment strategy.

The proposed rule change is designed to perfect the mechanism of a free and open market, and, in general, to promote just and equitable principles of trade and to protect investors and the public interest, in that the change in the Fund's ability to invest in high yield Fixed Income Instruments from up to 10% to up to 30% of its total assets will afford the Fund greater flexibility to invest in such high-yield instruments, and will further assist the Adviser to achieve the Fund's investment objective. In addition, the Exchange believes that the change to the average portfolio duration of the Fund will not adversely impact investors or Exchange trading. Such change would accommodate a duration that will provide the Fund with additional flexibility in managing the duration of the Fund's holdings using the average portfolio duration normally of zero to eight years based on PIMCO's market forecasts. Further, a more flexible duration bandwidth will allow the Fund to respond more effectively to changing market conditions. Except for the changes noted above, all other representations in the Prior Releases remain unchanged.

**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 purposes of the Act. The Exchange believes the proposed rule change will enhance competition among issues of

exchange-traded funds that invest in fixed income securities to the benefit of investors and the marketplace.

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

No written comments were solicited or received with respect to the proposed rule change.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>10</sup> and Rule 19b-4(f)(6) thereunder.<sup>11</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning

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<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and the text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEArca-2017-41 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-2017-41. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit



personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEArca-2017-41 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.<sup>12</sup>

Eduardo A. Aleman  
Assistant Secretary

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<sup>12</sup> 17 CFR 200.30-3(a)(12).