

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-83845; File No. SR-NYSEArca-2018-57)

August 14, 2018

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change, as Modified By Amendment No. 1, to List and Trade Shares of the Amplify BlackSwan Growth & Treasury Core ETF under Commentary .02 to NYSE Arca Rule 5.2-E(j)(3)

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that on July 31, 2018, NYSE Arca, Inc. (“NYSE Arca” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change. On August 10, 2018, the Exchange filed Amendment No. 1 to the proposed rule change, as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change, as modified by Amendment No. 1, from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to list and trade the shares of the following fund of the Amplify ETF Trust under Commentary .02 to NYSE Arca Rule 5.2-E(j)(3) (“Investment Company Units”): the Amplify BlackSwan Growth & Treasury Core ETF. This Amendment No. 1 to SR-NYSEArca-2018-57 replaces SR-NYSEArca-2018-57 as originally filed and supersedes such filing in its entirety. The proposed 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.

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 proposes to list and trade shares (“Shares”) of the Amplify BlackSwan Growth & Treasury Core ETF (“Fund”) under Commentary .02 to NYSE Arca Rule 5.2-E(j)(3), which governs the listing and trading of Investment Company Units (“Units”) on the Exchange.⁴ The Fund will be an index-based exchange traded fund (“ETF”). The Shares will be offered by the Amplify ETF Trust (“Trust”), which is registered with the Commission as an investment company and has filed a registration statement on Form N-1A (“Registration Statement”) with the Commission on behalf of the Fund.⁵

⁴ NYSE Arca Rule 5.2-E(j)(3)(A) provides that an Investment Company Unit is a security that represents an interest in a registered investment company that holds securities comprising, or otherwise based on or representing an interest in, an index or portfolio of securities (or holds securities in another registered investment company that holds securities comprising, or otherwise based on or representing an interest in, an index or portfolio of securities).

⁵ See Post-Effective Amendment No. 65 to Registration Statement on Form N-1A for the Trust, dated June 26, 2018 (File Nos. 333-207937 and 811-23108). The descriptions of the Fund and the Shares contained herein are based, in part, on information in the Registration Statement. In addition, the Commission has issued an order granting certain exemptive relief to the Trust under the Investment Company Act of 1940 (15 U.S.C. 80a-1) (“1940 Act”). See Investment Company Act Release No. 31822 (September 14, 2015) (File No. 812-14424) (“Exemptive Order”).

Amplify Investments LLC will be the investment adviser (“Adviser”) to the Fund. CSAT Investment Advisory, L.P., d/b/a Exponential ETFs will serve as sub-adviser for the Fund (“Sub-Adviser”). U.S. Bancorp Fund Services, LLC will be the administrator, custodian and fund accounting and transfer agent for the Fund. Quasar Distributors LLC will serve as the distributor for the Fund.

Commentary .02(b)(i) to Rule 5.2-E(j)(3) provides that, if the applicable index is maintained by a broker-dealer or fund advisor, the broker-dealer or fund advisor shall erect and maintain a “fire wall” around the personnel who have access to information concerning changes and adjustments to the index.⁶ The “Index Provider” (“ARGI Investment Services LLC”) is registered as an investment adviser but is not registered as a broker-dealer or affiliated with a broker-dealer.⁷ The Adviser is not registered as a broker-dealer but is affiliated with a broker-dealer and has implemented and will maintain a fire wall with respect to its broker-dealer affiliate regarding access to information concerning the composition and/or changes to the Fund’s portfolio. The Sub-Adviser is not registered as a broker-dealer or affiliated with a broker-dealer. In the event (a) the Adviser or the Sub-Adviser becomes registered as a broker-dealer or newly affiliated with a broker-dealer, or (b) any new adviser or sub-adviser is a registered broker-dealer or becomes affiliated with a broker-dealer, it will implement and maintain a fire wall with respect to its relevant personnel or its broker-dealer affiliate regarding access to

⁶ An investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 (the “Advisers Act”). As a result, the Adviser and Sub-adviser are subject to the provisions of Rule 204A-1 under the Advisers Act relating to codes of ethics. This Rule requires investment advisers to adopt a code of ethics that reflects the fiduciary nature of the relationship to clients as well as compliance with other applicable securities laws. Accordingly, procedures designed to prevent the communication and misuse of non-public information by an investment adviser must be consistent with Rule 204A-1 under the Advisers Act.

⁷ The Index Provider is not affiliated with the Fund, Adviser or Sub-Adviser.

information concerning the composition and/or changes to the portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio.

The Exchange is submitting this proposed rule change because the Index for the Fund does not meet all of the “generic” listing requirements of Commentary .02(a) to NYSE Arca Rule 5.2-E(j)(3), applicable to the listing of Units based on an index of “Fixed Income Securities.”⁸ Specifically, Commentary .02(a) to NYSE Arca Rule 5.2-E(j)(3) sets forth the requirements to be met by components of an index or portfolio of Fixed Income Securities underlying a series of Units. Because, as discussed in more detail herein, the ARGI BlackSwan Core Index (the “Index”) will include “LEAPS” (as described below), the Index does not satisfy the requirements of Commentary .02(a)(1) to Rule 5.2-E(j)(3).⁹ The Exchange represents that the Index will meet each of the initial and continued listing criteria in Commentary .02 to Rule 5.2-E (j)(3) with the exception of the requirements of Commentary .02 (a)(1) to Rule 5.2-E(j)(3)

Amplify BlackSwan Growth & Treasury Core ETF

Principal Investments

According to the Registration Statement, the Fund will seek investment results that generally correspond (before fees and expenses) to the price and yield of the Index. Under

⁸ Commentary .02 to NYSE Arca Rule 5.2-E(j)(3) states that 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, government-sponsored entity securities, municipal securities, trust preferred securities, supranational debt and debt of a foreign country or a subdivision thereof.

⁹ Commentary .02(a)(1) to Rule 5.2-E(j)(3) provides that, with respect to components of an index or portfolio underlying a series of Units listed pursuant to Rule 19b-4(e) under the Act, the following criterion shall be met on an initial and continued listing basis: The index or portfolio must consist of (a) only Fixed Income Securities or (b) Fixed Income Securities and cash.

normal market conditions,¹⁰ the Fund will invest at least 80% of its total assets in the securities that comprise the Index, which are U.S. Treasury securities and long-dated call options (“LEAPS”)¹¹ on the SPDR S&P 500 ETF Trust (“SPY”).¹² These options are referred to herein as “SPY LEAPS”. The Fund, using an indexing investment approach, attempts to replicate, before fees and expenses, the performance of the Index.¹³ The Index was created and is maintained by the Index Provider.

According to the Registration Statement, the Index is a rules-based, quantitative index that seeks to provide capital protection against the unpredictable, rare and highly disruptive events that have come to be referred to as “Black Swans.” The Index endeavors to provide investment returns that correspond to those of the S&P 500 Index, while mitigating against significant losses. One portion of the Index is a portfolio of U.S. Treasury securities and the other is a portfolio of SPY LEAPS. Twice a year, in June and December, on the Index reconstitution and rebalance date, the Index places 90% of its index market capitalization in the portfolio of U.S. Treasury securities and 10% of its index market capitalization in the portfolio of LEAPS.

¹⁰ For purposes of this filing, the term “normal market conditions” is as that term is defined in NYSE Arca Rule 8.600-E (c)(5).

¹¹ Long-term Equity Anticipation SecuritiesSM (“LEAPS[®]”) are long-term exchange-traded call options. Call options allow holders the opportunity to participate in the underlying securities’ appreciation in excess of a specified strike price without receiving payments equivalent to any cash dividends declared on the underlying securities. A holder of a LEAPS will be entitled to receive a specified number of shares of the underlying stock upon payment of the strike price, and therefore the LEAPS will be exercisable when the price of the underlying stock is above the strike price. However, if at expiration the price of the underlying stock is at or below the strike price, the LEAPS will expire and be worthless. LEAPS are traded on U.S. options exchanges.

¹² Shares of the SPDR S&P 500 ETF Trust are listed and traded on the Exchange.

¹³ The Index is compiled by the Index Provider and calculated by S-Network Global Indexes, Inc. (the “Calculation Agent”).

According to the Registration Statement, the U.S. Treasury portfolio of the Index is comprised of 2-, 3-, 5-, 7-, 10- and 30-year U.S. Treasury securities that cumulatively provide a portfolio duration that matches the initial duration of the 10-year U.S. Treasury security.

The LEAPS portfolio of the Index is composed of in-the-money LEAPS that, at the time of purchase, had expirations of at least one year and one day in the future and expire in either June or December, as applicable.¹⁴ For the LEAPS in the Index and in which the Fund invests, the reference asset is SPY. The LEAPS will generally have a delta of 70 at the time of purchase, meaning that for every \$1.00 of movement in the share price of SPY, the price of the LEAPS will have a corresponding movement of \$0.70. LEAPS positions are reconstituted twice per year on the first trading day of June and December. At each June reconstitution, the Index liquidates its existing June LEAPS and purchases LEAPS that expire the following June. The December LEAPS positions will remain unchanged at each June reconstitution. At each December reconstitution, the Index liquidates its existing December LEAPS and purchases LEAPS that expire the following December. The June LEAPS positions will remain unchanged at each December reconstitution. Net gains or losses derived from the reconstitutions of the LEAPS positions will be added to or subtracted from the U.S. Treasury portfolio at each reconstitution.

Other Investments

While, under normal market conditions, the Fund will invest at least 80% of its total assets in the securities that comprise the Index, as described above, the Fund may hold other securities and financial instruments, as described below.

¹⁴ An “in-the-money” call option contract is an option contract with a strike price that is below the current price of the underlying reference asset.

The Fund may hold cash and cash equivalents.¹⁵

The ARGI BlackSwan Core Index

According to the Registration Statement, the ARGI BlackSwan Core Index is composed of U.S. Treasury securities and SPY LEAPS. The Index seeks to realize capital appreciation in line with the performance of SPY while avoiding substantial capital drawdowns.

On each rebalancing date, the Index places 90% of its index market capitalization in treasuries and 10% in SPY LEAPS. The weighting among U.S. Treasury securities is determined by the option reconstitution schedule.

The option portion of the portfolio holds 5% of Index market capitalization in June 70-delta SPY LEAPS and 5% in December 70-delta SPY LEAPS. Initially and at each Index rebalance date, calls that are purchased should all have at least one year plus one day until expiration. The 70-delta rule only applies to initial purchases on the rebalance date. Should there not be a 70-delta option, the closest option above 70 will be utilized.

The treasury position holds 5% of its allocated portion of Index market capitalization in a “barbell” portfolio of 2- and 30-year treasuries, and 95% of its allocated portion of market capitalization in a core portfolio that invests in 3-, 5-, 7-, 10- and 30-year treasuries.

The Index is overseen by a committee (the “Committee”) that is responsible for overseeing the activities of the Calculation Agent and approving all changes to the Index related to its semi-annual reconstitutions and quarterly rebalances. All members of the Committee and their advisors shall comply with the Calculation Agent’s code of conduct and ethics with respect to the disclosure and use of material non-public information.

¹⁵ For purposes of this filing, the term “cash equivalents” has the meaning specified in Commentary .01(c) to NYSE Arca Rule 8.600-E.

Surveillance

The Exchange believes that sufficient protections are in place to protect against market manipulation of the Fund's Shares and SPY LEAPS for several reasons: (i) the diversity, liquidity, and market cap of the securities underlying the S&P 500 Index, which deters manipulation of the S&P 500 Index and mitigates risk associated with manipulation in SPY LEAPS¹⁶; (ii) liquidity in the market for SPY LEAPS and shares of the SPDR S&P 500 ETF Trust¹⁷; and (iii) surveillances by the Exchange and the Financial Industry Regulatory Authority ("FINRA") designed to detect violations of self-regulatory organization ("SRO") rules and the federal securities laws.¹⁸ In this regard, the Exchange has in place a surveillance program for transactions in ETFs to ensure the availability of information necessary to detect and deter potential manipulations and other trading abuses, thereby making the Shares less readily susceptible to manipulation. The Exchange notes that the Fund's portfolio is not readily susceptible to manipulation as assets in the portfolio, comprised primarily of U.S. Treasury securities¹⁹ and SPY LEAPS, will be acquired in extremely liquid and highly regulated markets.

¹⁶ Intraday quotations and last sale information for LEAPS are available directly from the exchange on which they are traded or through the Options Price Reporting Authority. Information about existing outstanding interest in LEAPS is available on the Options Clearing Corporation's ("OCC") website.

¹⁷ The Exchange notes that the S&P 500 Index underlying SPY would meet the generic listing standards applicable to an index composed of U.S. Component Stocks in Commentary .01(a) to NYSE Arca Rule 5.2-E(j)(3), including criteria relating to liquidity, market capitalization and diversification.

¹⁸ FINRA conducts cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement.

¹⁹ The U.S. Treasury securities market is highly liquid. The Treasury market and its participants are subject to a wide range of oversight and regulations, including requirements designed to prevent market manipulation and other abuses. For example, Treasury market participants and the Treasury market, itself, are subject to significant oversight by a number of regulatory authorities, including the Treasury, the Commission,

Exchange and FINRA surveillances referred to above generally focus on detecting securities trading outside their normal patterns, which could be indicative of manipulative or other violative activity. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations.

The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares and SPY LEAPS with other markets and other entities that are members of the Intermarket Surveillance Group (“ISG”), and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in the Shares and SPY LEAPS from such markets and other entities.²⁰ In addition, the Exchange may obtain information regarding trading in the Shares and SPY LEAPS from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. In addition, FINRA, on behalf of the Exchange, is able to access, as needed, trade information for certain fixed income securities held by the Fund reported to FINRA’s Trade Reporting and Compliance Engine (“TRACE”).

All statements and representations made in this filing regarding (a) the description of the portfolio or reference asset, (b) limitations on portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in this rule filing shall constitute continued listing requirements for listing the Shares of the Fund on the Exchange.

federal bank regulators, and FINRA. The Exchange believes that the U.S. Treasury securities that the Fund will acquire as part of its strategy are not readily susceptible to market manipulation due to the liquidity and extensive oversight associated with the U.S. Treasury securities market.

²⁰ For a list of the current members of ISG, see www.isgportal.org. The Exchange notes that not all components of the Fund’s portfolio may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

The issuer must notify the Exchange of any failure by the Fund to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will monitor for compliance with the continued listing requirements. If the Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under NYSE Arca Rule 5.5-E(m).

SPY LEAPS are highly liquid and derive their value from the actively traded S&P 500 Index components. The contracts are cash-settled, and trade in competitive auction markets with price and quote transparency. The Exchange believes the highly regulated options markets and the broad base and scope of the S&P 500 Index make securities that derive their value from that index less susceptible to market manipulation in view of market capitalization and liquidity of the S&P 500 Index components, price and quote transparency, and arbitrage opportunities.

The Exchange believes that the liquidity of the markets for U.S. Treasury securities in the Fund's portfolio, S&P 500 Index securities, and SPY LEAPS is sufficiently great to deter fraudulent or manipulative acts associated with the price of a Fund's Shares.²¹ The Exchange also believes that such liquidity is sufficient to support the creation and redemption mechanism. The Fund's investments will be consistent with its investment objective and will not be used to enhance leverage. The Fund's investments will not be used to seek performance that is the multiple or inverse multiple (e.g., 2x or -2x) of the Index. The Fund's use of derivative instruments will be collateralized. The Exchange represents that, except as described above, the Fund and the Index will meet each of the initial and continued listing criteria in Commentary .02

²¹ As of August 9, 2018, open interest in SPY LEAPS was 1,072,869 contracts. In addition, options on SPY have the highest liquidity among all exchange-traded fund options, with open interest far in excess of other ETFs in option market liquidity. As of June 19, 2018, open interest on SPY contracts were 17,771,528, whereas the next highest ETF options were iShares MSCI Emerging Markets ETF (EEM) and PowerShares QQQ Trust (QQQ) at 6,635,087 and 6,488,055, respectively. Source: Bloomberg.

to Rule 5.2-E (j)(3) with the exception of meeting the requirements of Commentary .02(a)(1) to Rule 5.2-E(j)(3) with respect to SPY LEAPS applicable to the listing of Units based upon an index of Fixed Income Securities. In addition, the Exchange represents that the Shares of the Fund will comply with all other requirements applicable to Units, which includes requirements relating to the dissemination of key information such as the Index value, the net asset value (“NAV”), and the Intraday Indicative Value (“IIV”), rules governing the trading of equity securities, trading hours, trading halts, firewalls for the Index Provider and Adviser, surveillance, and the Information Bulletin, as set forth in Exchange rules applicable to Units and the orders approving such rules.

Quotation and last sale information for U.S. exchange-listed options contracts cleared by the OCC is available via the Options Price Reporting Authority. Quotation information for LEAPS is available directly from the exchange on which they are traded. The intra-day, closing and settlement prices of exchange-traded options will be readily available from the options exchanges, automated quotation systems, published or other public sources, or online information services such as Bloomberg or Reuters. Price information on Treasury bills, cash equivalents and other short-term instruments is available from major broker-dealer firms or market data vendors, as well as from automated quotation systems, published or other public sources, or online information services. On each business day, before commencement of trading in the Shares on the Exchange during the Exchange’s Core Trading Session, the portfolio that will form the basis for the Fund’s calculation of the NAV at the end of the business day will be provided on the Adviser’s website at www.amplifyetfs.com.

Suitability

NYSE Arca Rule 9.2-E(a) provides that every ETP Holder shall use due diligence to learn the essential facts relative to every customer, every order, every account accepted or carried by such ETP Holder and every person holding power of attorney over any account accepted or carried by such ETP Holder.

In recommending to a customer the purchase, sale or exchange of any security, an ETP Holder shall have reasonable grounds for believing that the recommendation is suitable for such customer upon the basis of any facts disclosed by the customer as to his or her other security holdings, financial situation and needs.

Availability of Information

The Trust's website (www.amplifyetfs.com), which will be publicly available prior to the public offering of Shares, will include a form of the prospectus for the Fund that may be downloaded. The website will include additional quantitative information updated on a daily basis, including, for the Fund: (1) the prior business day's reported NAV, mid-point of the bid/ask spread at the time of calculation of such NAV (the "Bid/Ask Price"),²² and a calculation of the premium and discount of the Bid/Ask Price against the NAV; and (2) data in chart format displaying the frequency distribution of discounts and premiums of the daily Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters.

On each business day, before commencement of trading in Shares in the Core Trading Session²³ on the Exchange, the Trust will disclose on its website the following information

²² The Bid/Ask Price of the Fund's Shares will be determined using the midpoint of the highest bid and the lowest offer on the Exchange as of the time of calculation of the Fund's NAV. The records relating to Bid/Ask Prices will be retained by the Fund and its service providers.

²³ The Core Trading Session is 9:30 a.m. to 4:00 p.m. Eastern Time ("E.T").

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

In addition, a portfolio composition file, which will include the security names and quantities of securities and other assets required to be delivered in exchange for the Fund's Shares, together with estimates and actual cash components, will be publicly disseminated prior to the opening of the Exchange via the National Securities Clearing Corporation. The portfolio will represent one Creation Unit of the Fund. Authorized Participants may refer to the portfolio composition file for information regarding LEAPS, U.S. Treasury Securities, money market instruments, and any other instrument that may comprise the Fund's portfolio on a given day.

Investors can also obtain the Trust's Statement of Additional Information ("SAI"), the Fund's Shareholder Reports, and its Form N-CSR, filed twice a year. The Trust's SAI and Shareholder Reports will be available free upon request from the Trust, and those documents and the Form N-CSR may be viewed on screen or downloaded from the Commission's website at www.sec.gov. Information regarding market price and trading volume for the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services. Information regarding the previous day's closing price and trading volume information for the Shares will be published daily in the financial section of newspapers. Quotation and last sale information for the Shares will be available via the Consolidated Tape

Association (“CTA”) high-speed line. Quotation and last sale information for LEAPS will be available via the Options Price Reporting Authority. Price information on fixed income portfolio securities, including U.S. Treasury securities, cash equivalents and other short term instruments is available from major broker-dealer firms or market data vendors, as well as from automated quotation systems, published or other public sources, or online information services. In addition, the value of the Index will be published by one or more major market data vendors every 15 seconds during the NYSE Arca Core Trading Session. Information about the Index constituents, the weighting of the constituents, the Index’s methodology and the Index’s rules will be available on the Index Provider’s website.

In addition, the IIV as defined in NYSE Arca Rule 5.2-E (j)(3), Commentary .02 (c) will be widely disseminated at least every 15 seconds during the Core Trading Session by one or more major market data vendors.²⁴ All Fund holdings will be included in calculating the IIV.

The dissemination of the IIV is intended to allow investors to determine the value of the underlying portfolio of the Fund on a daily basis and to approximate that value throughout the trading day. The intra-day, closing and settlement prices of the portfolio securities and other Fund investments will also be readily available from the exchanges trading such instruments, automated quotation systems, published or other public sources. The intra-day, closing and settlement prices of treasuries and money market instruments will be readily available from published and other public sources or on-line information services.

Initial and Continued Listing

The Shares will conform to the initial and continued listing criteria under NYSE Arca Rules 5.2-E(j)(3) and 5.5-E(g)(2), except that the Index will not meet the requirements of NYSE

²⁴ Currently, it is the Exchange’s understanding that several major market data vendors display and/or make widely available IIV’s taken from the CTA or other data feeds.

Arca Rule 5.2-E(j)(3), Commentary .02(a)(1) in that the Index will include of SPY LEAPS. The Exchange represents that, for initial and/or continued listing, the Fund will be in compliance with Rule 10A-3²⁵ under the Act, as provided by NYSE Arca Rule 5.3-E. A minimum of 100,000 Shares for the Fund will be outstanding at the commencement of trading on the Exchange. The Exchange will obtain a representation from the issuer of the Shares that the NAV per Share will be calculated daily every day the New York Stock Exchange is open and that the NAV and will be made available to all market participants at the same time.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)²⁶ 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 in that the Shares will be listed on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Commentary .02 to Rule 5.2-E(j)(3) and NYSE Arca Rule 5.2-E(g)(2) [sic], except that the Index includes SPY LEAPS, rather than only Fixed Income Securities. Under normal market conditions, the Fund will invest at least 80% of its total assets in the securities that comprise the Index, which will be composed of U.S. Treasury securities and SPY LEAPS.

As noted above, SPY LEAPS are highly liquid and derive their value from the actively traded S&P 500 Index components. The Exchange believes the highly regulated options markets

²⁵ See 17 CFR 240.10A-3.

²⁶ 15 U.S.C. 78f(b)(5).

and the broad base and scope of the S&P 500 Index make securities that derive their value from that index less susceptible to market manipulation in view of market capitalization and liquidity of the S&P 500 Index components, price and quote transparency, and arbitrage opportunities.

The Exchange believes that the liquidity of the markets for U.S. Treasury securities in the Fund's portfolio, S&P 500 Index securities, and SPY LEAPS is sufficiently great to deter fraudulent or manipulative acts associated with the price of a Fund's Shares. The Exchange also believes that such liquidity is sufficient to support the creation and redemption mechanism.

The Shares will be subject to the existing trading surveillances administered by the Exchange or FINRA on behalf of the Exchange, which are designed to deter and detect violations of Exchange rules and applicable federal securities laws relating to trading on the Exchange. FINRA and the Exchange, as applicable, may each obtain information via ISG from other exchanges that are members of ISG, and in the case of the Exchange, from other market or entities with which the Exchange has entered into a comprehensive surveillance sharing agreement.

The Index Provider is registered as an investment adviser but is not registered as a broker-dealer or affiliated with a broker-dealer. The Adviser is not registered as a broker-dealer but is affiliated with a broker-dealer and has implemented and will maintain a fire wall with respect to its broker-dealer affiliate regarding access to information concerning the composition and/or changes to the Fund's portfolio. The Sub-Adviser is not registered as a broker-dealer or affiliated with a broker-dealer. In the event that (a) the Adviser or Sub-Adviser becomes registered as a broker-dealer or newly affiliated with another broker-dealer; or (b) any new adviser or sub-adviser is a registered broker-dealer or becomes affiliated with a broker-dealer, it will implement and maintain a fire wall with respect to its relevant personnel or such broker-

dealer affiliate, as applicable, regarding access to information concerning the composition and/or changes to the portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that the Exchange will obtain a representation from the issuer of the Shares that the NAV per Share will be calculated daily every day the New York Stock Exchange is open, and that the NAV will be made available to all market participants at the same time. In addition, a large amount of publicly available information will be publicly available regarding the Fund and the Shares, thereby promoting market transparency. Moreover, the IIV will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Exchange's Core Trading Session.

On each business day, before commencement of trading in the Shares in the Core Trading Session on the Exchange, the Fund will disclose on its website the portfolio that will form the basis for the Fund's calculation of NAV at the end of the business day. Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services, and quotations and last sale information will be available via the CTA high-speed line.

Information relating to U.S. exchange-listed options is available via the Options Price Reporting Authority. Quotation and last sale information for the Shares will be available via the CTA high-speed line. Quotation and last sale information for U.S. exchange-listed options contracts cleared by the OCC is available via the Options Price Reporting Authority. Quotation information for LEAPS is available directly from the exchange on which they are traded. The intra-day, closing and settlement prices of exchange-traded options will be readily available from

the options exchanges, automated quotation systems, published or other public sources, or online information services such as Bloomberg or Reuters. Such price information on fixed income portfolio securities, including U.S. Treasury securities, cash equivalents and other short term instruments is available from major broker-dealer firms or market data vendors, as well as from automated quotation systems, published or other public sources, or online information services.

The website for the Fund will include the prospectus for the Fund and additional data relating to NAV and other applicable quantitative information. Moreover, prior to commencement of trading, the Exchange will inform its ETP Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. Trading in Shares of the Fund will be halted if the circuit breaker parameters in NYSE Arca Rule 7.12-E have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading the Shares inadvisable. In addition, as noted above, investors will have ready access to information regarding the Fund's holdings, the IIV, the Fund's portfolio, and quotation and last sale information for the Shares.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of an additional type of exchange-traded product that will enhance competition among market participants, to the benefit of investors and the marketplace. As noted above, the Shares will be subject to the existing trading surveillances administered by the Exchange or FINRA on behalf of the Exchange, which are designed to detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange. The Exchange or FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares and LEAPS with other market and other entities that are members of ISG, and the Exchange or FINRA, on behalf of the

Exchange, may obtain trading information in the Shares and LEAPS from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares and LEAPS from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. In addition, as noted above, investors will have ready access to information regarding the Fund's holdings, the IIV, and quotation and last sale information for the Shares.

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 Exchange notes that the proposed rule change will facilitate the listing and trading of an additional type of Units that can hold options contracts and that will enhance competition among market participants, 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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period 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, as modified by Amendment No. 1, is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSEArca-2018-57 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-2018-57. 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 such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change.

Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEArca-2018-57, 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.²⁷

Robert W. Errett
Deputy Secretary

²⁷ 17 CFR 200.30-3(a)(12).