SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-87437; File No. SR-NYSEArca-2019-62)

October 31, 2019

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Amendment No. 1, and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, Relating to the Listing and Trading of Shares of the Innovator MSCI EAFE Power Buffer ETFs and Innovator MSCI Emerging Markets Power Buffer ETFs, Series of the Innovator ETFs Trust, Under NYSE Arca Rule 8.600-E

I. Introduction

On August 29, 2019, NYSE Arca, Inc. ("Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] a proposed rule change relating to the listing and trading of shares ("Shares") of the Innovator MSCI EAFE Power Buffer ETFs and Innovator MSCI Emerging Markets Power Buffer ETFs (each a "Fund" and collectively the "Funds"), series of the Innovator ETFs Trust ("Trust"), under NYSE Arca Rule 8.600-E, which governs the listing and trading of Managed Fund Shares. The proposed rule change was published for comment in the Federal Register on September 18, 2019.[3] On October 16, 2019, the Exchange filed Amendment No. 1 to the proposed rule change, which replaced and superseded the proposed rule change as originally filed.[4] The Commission has received no

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

2 17 CFR 240.19b-4.

3 See Securities Exchange Act Release No. 86948 (September 12, 2019), 84 FR 49131.

4 In Amendment No. 1, the Exchange: (1) clarified that it is submitting this proposal in order to allow each Fund to hold listed derivatives (i.e., FLEX and standardized options on the Indexes and on ETFs that track the Indexes) in a manner that does not comply with Commentary .01(d)(2) to NYSE Arca Rule 8.600-E; (2) clarified the Funds' use of standardized options; (3) specified that while the Funds will invest primarily in FLEX and standardized options, they may also invest in cash and cash equivalents; and (4) made other technical, clarifying, and conforming changes. Amendment No. 1 is available

comments on the proposed rule change. The Commission is publishing this notice to solicit comments on Amendment No. 1 from interested persons, and is approving the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

II. Description of the Proposed Rule Change, as Modified by Amendment No. 1

The Exchange proposes to: (1) permit the continued listing and trading of Shares of the Innovator MSCI EAFE Power Buffer ETF (July Series) and Innovator MSCI Emerging Markets Power Buffer ETF (July Series); (2) list and trade Shares of up to an additional eleven Innovator MSCI EAFE Power Buffer ETF Series of the Trust ("EAFE Power Buffer Funds"); and (3) list and trade Shares of up to an additional eleven Innovator MSCI Emerging Markets Power Buffer ETF Series of the Trust ("Emerging Markets Power Buffer Funds").[5] Innovator Capital Management, LLC ("Adviser") is the investment adviser to the Funds and Milliman Financial Risk Management LLC ("Sub-Adviser") is the sub-adviser.

The investment objective of the EAFE Power Buffer Funds is to provide investors with returns that match those of the MSCI EAFE Investable Market Index – Price Return ("MSCI EAFE Index") over a period of approximately one year, while providing a level of protection from MSCI EAFE Index losses. The investment objective of the Emerging Markets Power Buffer Funds is to provide investors with returns that match those of the MSCI Emerging Markets Investable Market Index – Price Return ("MSCI Emerging Markets Index" and, together

at: https://www.sec.gov/comments/sr-nysearca-2019-62/srnysearca201962-6310013-193523.pdf.

5 The Trust is registered with the Commission as an investment company and has filed a registration statement on Form N-1A under the Securities Act of 1933 and the Investment Company Act of 1940 for each of the Innovator MSCI EAFE Power Buffer ETF (July Series and October Series) and Innovator MSCI Emerging Markets Power Buffer ETF (July Series and October Series).

with the MSCI EAFE Index, the "Indexes") over a period of approximately one year, while providing a level of protection from MSCI Emerging Markets Index losses.

In particular, the Funds are actively managed funds that employ a defined outcome strategy[6] that: (1) for the EAFE Power Buffer Funds, seeks to provide investment returns during the outcome period that match the gains of the MSCI EAFE Index, up to a maximized annual return ("EAFE Cap Level"),[7] while guarding against a decline in the MSCI EAFE Index of the first 15% ("EAFE Power Buffer Strategy"); and (2) for the Emerging Markets Power Buffer Funds, seeks to provide investment returns during the outcome period that match the gains of the MSCI Emerging Markets Index, up to a maximized annual return ("Emerging Markets Cap Level"),[8] while guarding against a decline in the MSCI Emerging Markets Index of the first 15% ("Emerging Markets Power Buffer Strategy").

More specifically, pursuant to the EAFE Power Buffer Strategy, each EAFE Power Buffer Fund's portfolio managers will seek to produce the following outcomes during the outcome period:

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6 Defined outcome strategies are designed to participate in market gains and losses within pre-determined ranges over a specified period (i.e., point to point). These outcomes are predicated on the assumption that an investment vehicle employing the strategy is held for the designated outcome periods.

7 The EAFE Cap Level will be determined with respect to each EAFE Power Buffer Fund on the inception date of the EAFE Power Buffer Fund and at the beginning of each outcome period and is determined based on the price of the FLEX options acquired by the EAFE Power Buffer Fund at that time. The EAFE Cap Level will be determined only once at the beginning of each outcome period and not within an outcome period.

8 The Emerging Markets Cap Level will be determined with respect to each Emerging Markets Power Buffer Fund on the inception date of the Emerging Markets Power Buffer Fund and at the beginning of each outcome period and is determined based on the price of the FLEX options acquired by the Emerging Markets Power Buffer Fund at that time. The Emerging Markets Cap Level will be determined only once at the beginning of each outcome period and not within an outcome period.

- If the MSCI EAFE Index appreciates over the outcome period, the EAFE Power Buffer Fund will seek to provide shareholders with a total return that matches that of the MSCI EAFE Index, up to and including the EAFE Cap Level;
- If the MSCI EAFE Index depreciates over the outcome period by 15% or less, the EAFE Power Buffer Fund will seek to provide a total return of zero; and
- If the MSCI EAFE Index decreases over the outcome period by more than 15%, the EAFE Power Buffer Fund will seek to provide a total return loss that is 15% less than the percentage loss on the MSCI EAFE Index with a maximum loss of approximately 85%.

In addition, pursuant to the Emerging Markets Power Buffer Strategy, each Emerging Markets Power Buffer Fund's portfolio managers will seek to produce the following outcomes during the outcome period:

- If the MSCI Emerging Markets Index appreciates over the outcome period, the Emerging Markets Power Buffer Fund will seek to provide shareholders with a total return that matches that of the MSCI Emerging Markets Index, up to and including the Emerging Markets Cap Level;
- If the MSCI Emerging Markets Index depreciates over the outcome period by 15% or less, the Emerging Markets Power Buffer Fund will seek to provide a total return of zero;
- If the MSCI Emerging Markets Index decreases over the outcome period by more than 15%, the Emerging Markets Power Buffer Fund will seek to provide a total return loss that is 15% less than the percentage loss on the MSCI Emerging Markets Index with a maximum loss of approximately 85%.

Under normal market conditions[9]: (1) each EAFE Power Buffer Fund will invest primarily in FLEX options or standardized options contracts listed on a U.S. exchange that reference either the MSCI EAFE Index or ETFs[10] that track the MSCI EAFE Index; and (2) each Emerging Markets Power Buffer Fund will invest primarily in FLEX options or standardized options contracts listed on a U.S. exchange that reference either the MSCI Emerging Markets Index or ETFs[11] that track the MSCI Emerging Markets Index.[12] Each of the Funds may invest its net assets (in the aggregate) in other investments (i.e., cash or cash equivalents[13]) which the Adviser or Sub-Adviser believes will help each Fund to meet its investment objective and that will be disclosed at the end of each trading day.

According to the Exchange, it is submitting this proposal in order to allow each Fund to hold listed derivatives (i.e., FLEX and standardized options on the Indexes and on ETFs that track the Indexes) in a manner that does not comply with Commentary .01(d)(2) to NYSE Arca Rule 8.600-E. Commentary .01(d)(2) to NYSE Arca Rule 8.600-E provides that the aggregate gross notional value of listed derivatives based on any five or fewer underlying reference assets

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9 The term "normal market conditions" is defined in NYSE Arca Rule 8.600-E(c)(5).

10 For purposes of this proposal, the term "ETFs" means Investment Company Units (as described in NYSE Arca Rule 5.2-E(j)(3)), Portfolio Depositary Receipts (as described in NYSE Arca Rule 8.100-E), and Managed Fund Shares (as described in NYSE Arca Rule 8.600-E). All ETFs will be listed and traded in the U.S. on a national securities exchange.

11 See supra note 10.

12 Options on the Indexes are traded on Cboe Exchange, Inc. ("Cboe Options"). Options on ETFs based on the Indexes are listed and traded in the U.S. on national securities exchanges. The Exchange, Cboe Options, and all other national securities exchanges are members of the Intermarket Surveillance Group ("ISG"). Moreover, Cboe Options and the Exchange are members of the Options Regulatory Surveillance Authority.

13 Cash equivalents are the short-term instruments enumerated in Commentary .01(c) to NYSE Arca Rule 8.600-E.

shall not exceed 65% of the weight of the portfolio (including gross notional exposures), and the aggregate gross notional value of listed derivatives based on any single underlying reference asset shall not exceed 30% of the weight of the portfolio (including gross notional exposures).

III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.[14] In particular, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with Section 6(b)(5) of the Act,[15] which requires, among other things, that the Exchange's rules be 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 a national market system, and, in general, to protect investors and the public interest. The Commission also finds that the proposal is consistent with Section 11A(a)(1)(C)(iii) of the Act,[16] which sets forth Congress' finding that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers and investors of information with respect to quotations for and transactions in securities.

According to the Exchange, intra-day and closing price information regarding Index options and ETF options is available from the Options Price Reporting Authority, Cboe Options' website, and from major market data vendors. FINRA's Trade Reporting and Compliance

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[14] In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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

[16] 15 U.S.C. 78k-1(a)(1)(C)(iii).

Engine ("TRACE") will be a source of price information for certain fixed income securities to the extent transactions in such securities are reported to TRACE. Price information regarding U.S. government securities and other cash equivalents generally may be obtained from brokers and dealers who make markets in such securities or through nationally recognized pricing services through subscription agreements. 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. 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 high-speed line. In addition, the Portfolio Indicative Value, as defined in NYSE Arca Rule 8.600-E(c)(3), will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Core Trading Session.

The Commission also believes that the proposal is reasonably designed to promote fair disclosure of information that may be necessary to price the Shares appropriately and to prevent trading when a reasonable degree of transparency cannot be assured. Under NYSE Arca Rule 8.600-E(d)(2)(D), if the Exchange becomes aware that the net asset value ("NAV") or the Disclosed Portfolio (as defined in NYSE Arca Rule 8.600-E(c)(2)) is not disseminated to all market participants at the same time, the Exchange is required to halt trading in such series of Managed Fund Shares. In addition, the Exchange represents that if a Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under NYSE Arca Rule 5.5-E(m). The Exchange also states that it has a general policy prohibiting the distribution of material, non-public information by its employees. Further, the issuer currently provides and maintains for the July Series, and will provide and maintain for any future series of a Fund, a publicly available web tool on its website that provides existing and prospective shareholders with certain information to help inform investment decisions. The information provided includes the start and end dates of the current outcome period, the time remaining in the outcome period, the Funds' current NAV, each Fund's cap for the outcome period and the maximum investment gain available up to the cap for a shareholder purchasing Shares at the current NAV. The web tool also provides information regarding each Fund's buffer. This information includes the remaining buffer available for a shareholder purchasing Shares at the current NAV or the amount of losses that a shareholder purchasing Shares at the current NAV would incur before benefitting from the protection of the buffer.

The Shares do not qualify for generic listing because the Funds will not satisfy the requirements of Commentary .01(d)(2) to NYSE Arca Rule 8.600-E that the aggregate gross notional value of listed derivatives based on any five or fewer underlying reference assets shall not exceed 65% of the weight of the portfolio (including gross notional exposures) and the aggregate gross notional value of listed derivatives based on any single underlying reference asset shall not exceed 30% of the weight of the portfolio (including gross notional exposures). As noted above, under normal market conditions: (1) each EAFE Power Buffer Fund will invest primarily in FLEX Options or standardized options contracts listed on a U.S. exchange that reference either the MSCI EAFE Index or ETFs that track the MSCI EAFE Index; and (2) each Emerging Markets Power Buffer Fund will invest primarily in FLEX Options or standardized options contracts listed on a U.S. exchange that reference either the MSCI Emerging Markets Index or ETFs that track the MSCI Emerging Markets Index. The Commission notes that, although the Funds' holdings in these listed derivatives will not meet the requirements of

Commentary .01(d)(2) to NYSE Arca Rule 8.600-E, the Indexes are broad-based; the ETFs will be listed and traded in the U.S. on national securities exchanges; and all Index and ETF options contacts held by the Funds will trade on markets that are a member of ISG or affiliated with a member of ISG, or with which the Exchange has in place a comprehensive surveillance sharing agreement, all of which help to mitigate concerns about the prices of the Shares being susceptible to manipulation.

Additionally, in support of this proposal, the Exchange represents that:

(1) With the exception of the requirements of Commentary .01(d)(2), each Fund will comply with the initial and continued listing standards under NYSE Arca Rule 8.600-E.

(2) Trading in the Shares will be subject to the existing trading surveillances, administered by FINRA on behalf of the Exchange, or by regulatory staff of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws.

(3) For initial and continued listing, the Funds will be in compliance with Rule 10A-3 under the Act,[17] as provided by NYSE Arca Rule 5.3-E.

(4) With respect to each of the proposed additional eleven series of each Fund, a minimum of 100,000 Shares will be outstanding at the commencement of trading on the Exchange.

This approval order is based on all of the Exchange's statements and representations, including those set forth above and in Amendment No. 1.

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[17] 17 CFR 240.10A-3.

IV. Solicitation of Comments on Amendment No. 1 to the Proposed Rule Change

Interested persons are invited to submit written data, views, and arguments concerning whether 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-2019-62 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-2019-62. 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.

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-2019-62, and should be submitted on or before [insert date 21 days from publication in the Federal Register].

V. Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 1

The Commission finds good cause to approve the proposed rule change, as modified by Amendment No. 1, prior to the thirtieth day after the date of publication of notice of the filing of Amendment No. 1 in the Federal Register. As discussed above, in Amendment No. 1, the Exchange: (1) clarified that it is submitting this proposal in order to allow each Fund to hold listed derivatives (i.e., FLEX and standardized options on the Indexes and on ETFs that track the Indexes) in a manner that does not comply with Commentary .01(d)(2) to NYSE Arca Rule 8.600-E; (2) clarified the Funds' use of standardized options; (3) specified that while the Funds will invest primarily in FLEX and standardized options, they may also invest in cash and cash equivalents; and (4) made other technical, clarifying, and conforming changes. The Commission believes that Amendment No. 1 does not raise any novel regulatory issues and provides additional clarity to the proposal. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act,[18] to approve the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

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[18] 15 U.S.C. 78s(b)(2).

VI. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,[19] that the proposed rule change (SR-NYSEArca-2019-62), as modified by Amendment No. 1, be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[20]

Jill M. Peterson
Assistant Secretary

19 Id.

20 17 CFR 200.30-3(a)(12).