

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-79865; File No. SR-BatsBZX-2017-03)

January 23, 2017

Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Convert the Listing of the Shares of the SPDR DoubleLine Short Term Total Return Tactical ETF and the SPDR DoubleLine Emerging Markets Fixed Income ETF, Both of Which are a Series of the SSGA Active Trust, Pursuant to BZX Rule 14.11(i), Managed Fund Shares

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on January 13, 2017, Bats BZX Exchange, Inc. (the “Exchange” or “BZX”) 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 Exchange. The Exchange has designated this proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6)(iii) thereunder,<sup>4</sup> which renders it effective upon filing with the Commission. 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 filed a proposal to convert the shares of the SPDR DoubleLine Short Term Total Return Tactical ETF and the SPDR DoubleLine Emerging Markets Fixed Income ETF (collectively, the “Funds”), both of which are a series of the SSGA Active Trust (the “Trust”), from listing pursuant to Rule 14.11(i) and approval orders issued by the Commission to listing

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

<sup>2</sup> 17 CFR 240.19b-4.

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

<sup>4</sup> 17 CFR 240.19b-4(f)(6)(iii).

pursuant to Rule 19b-4(e) as provided in Rule 14.11(i)(4)(C).

The text of the proposed rule change is available at the Exchange's website at [www.bats.com](http://www.bats.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 Exchange 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 these 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to convert the listing of the shares of the Funds (the "Shares") from listing pursuant to approval orders issued by the Commission to listing pursuant to Rule 19b-4(e) as provided in Rule 14.11(i)(4)(C). The Shares began trading on the Exchange on April 14, 2016 after the Commission issued orders approving the listing and trading of the Shares on the Exchange.<sup>5</sup> At that time, the Exchange was required to file separate proposals under Section 19(b) of the Act before the listing of any funds listed pursuant to Rule 14.11(i) ("Managed Fund Shares") and, as provided in the Filings, the Exchange will commence delisting procedures under

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<sup>5</sup> See Securities Exchange Act Release Nos. 77567 (April 8, 2016), 81 FR 22143 (April 14, 2016) (SR-BATS-2015-94) (order approving the listing and trading on the Exchange of the SPDR DoubleLine Emerging Markets Fixed Income ETF) and 77499 (April 1, 2016), 81 FR 20428 (April 7, 2016) (SR-BATS-2016-04) (order approving the listing and trading on the Exchange of the SPDR DoubleLine Short Duration Total Return Tactical ETF) (collectively, the "Filings").

Rule 14.12 for a Fund where the Fund is not in compliance with the applicable listing requirements.<sup>6</sup> On July 22, 2016, the Commission approved generic listing standards for Managed Fund Shares that would allow a series of Managed Fund Shares to list on the Exchange pursuant to Rule 19b-4(e) so long as the components of that series of Managed Fund Shares meet the criteria in Rule 14.11(i)(4)(C) on an initial and continual basis.<sup>7</sup> The Exchange now proposes to list the Shares pursuant to Rule 19b-4(e) of the Act as provided in Rule 14.11(i)(4)(C) and, as such, the components of the Funds will be required to comply with the requirements of that rule on an initial and continual basis. The Exchange has confirmed that both of the Funds' respective portfolios currently comply with the requirements of Rule 14.11(i)(4)(C).<sup>8</sup> The Exchange notes that if the Funds were not already listed, they could be listed pursuant to Rule 19b-4(e) without the submission of a rule filing.

## 2. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act<sup>9</sup> in general and Section 6(b)(5) of the Act<sup>10</sup> in particular in that it is 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

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<sup>6</sup> As provided in the Filings, all statements and representations made in the Filings regarding (a) the description of the portfolio, (b) limitations on portfolio holdings or reference assets, or (c) the applicability of Exchange rules and surveillance procedures shall constitute continued listing requirements for listing the Shares on the Exchange.

<sup>7</sup> See Securities Exchange Act Release Nos. 78396 (July 22, 2016), 81 FR 49698 (July 28, 2016) (SR-BATS-2015-100).

<sup>8</sup> As provided in Rule 14.11(i)(4)(C), each Fund must also comply with such requirements on a continual basis and any failure to meet such requirements will result in the Exchange initiating delisting proceedings for the Fund pursuant to Rule 14.12.

<sup>9</sup> 15 U.S.C. 78f.

<sup>10</sup> 15 U.S.C. 78f(b)(5).

investors and the public interest. Specifically, the Exchange believes that the proposal is 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 because the only change in the proposal is to have the Funds listed and traded on the Exchange pursuant to the generic listing standards under Rule 14.11(i)(4)(C). As noted above, if the Funds were not already listed, they would be able to be listed pursuant to Rule 19b-4(e) without the submission of a rule filing because the Commission has approved rules on the Exchange related to generic listing standards for Managed Fund Shares on the basis that the generic listing criteria is consistent with the Act and, in particular, “is consistent with Section 6(b)(5) of the Act,<sup>11</sup> 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.”<sup>12</sup> As such, the Exchange believes that the proposal is 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.

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 believes that the proposal to allow the Funds to be listed on the Exchange pursuant to the generic listing standards under Rule 14.11(i)(4)(C) will have no impact on competition.

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<sup>11</sup> 15 U.S.C. 78f(b)(5).

<sup>12</sup> See note 7, *supra*.

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

The Exchange has neither solicited nor received written comments on 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, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder.<sup>13</sup>

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>14</sup> normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)<sup>15</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay to allow the Funds to be subject to a single compliance regime under Rule 14.11(i)(4)(C) instead of the series of representations made in each Fund's respective 19b-4 as soon as practicable, which will streamline and simplify compliance and the costs associated therewith. The Commission finds that waiving the 30-day operative delay in this instance is consistent with the protection of investors and the public interest. The Commission

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<sup>13</sup> 17 CFR 240.19b-4(f)(6). As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with 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.

<sup>14</sup> 17 CFR 240.19b-4(f)(6).

<sup>15</sup> 17 CFR 240.19b-4(f)(6)(iii).

notes that, as represented by the Exchange, if the Funds were not currently listed pursuant to the previous Commission approval orders, they would be eligible for immediate listing pursuant to Exchange Rule 14.11(i)(4)(C). Therefore, the Commission designates the proposal operative upon filing.<sup>16</sup>

At any time within 60 days of the filing of such 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 change should be approved or 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 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-BatsBZX-2017-03 on the subject line.

##### Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

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<sup>16</sup> For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

All submissions should refer to File Number SR-BatsBZX-2017-03. 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-BatsBZX-2017-03 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>17</sup>

Eduardo A. Aleman  
Assistant Secretary

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