

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-72349; File No. SR-NYSEArca-2014-66)

June 9, 2014

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Reflect a Change to the Reference Index Relating to the Columbia Select Large Cap Value ETF

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 June 2, 2014, 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 Exchange. 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 a change to the reference index relating to the Columbia Select Large Cap Value ETF (formerly, Grail American Beacon Large Cap Value ETF). Shares of the Fund are currently listed and traded on the Exchange. The text of 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 concerning the purpose of, and basis for, the proposed rule change and discussed any comments it

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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.

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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Commission has approved listing and trading on the Exchange of shares (“Shares”) of the Columbia Select Large Cap Value ETF (formerly, Grail American Beacon Large Cap Value ETF) (“Fund”), a series of Columbia ETF Trust (“Trust”) (formerly, the Grail Advisors ETF Trust)<sup>4</sup> under NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares. Shares of the Fund are currently listed and traded on the Exchange.

The Shares are offered by the Trust, which is registered with the Commission as an open-end management investment company.<sup>5</sup> The investment advisor to the Fund is Columbia Management Investment Advisers, LLC (the “Investment Manager”).<sup>6</sup>

In this proposed rule change, the Exchange proposes to reflect a change to the index that

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<sup>4</sup> See Securities Exchange Act Release No. 59826 (April 28, 2009), 74 FR 20512 (May 4, 2009) (SR-NYSEArca-2009-22) (“Prior Order”). See also Securities Exchange Act Release No. 59651 (March 30, 2009), 74 FR 15548 (April 6, 2009) (SR-NYSEArca-2009-22) (“Prior Notice,” and together with the Prior Order, the “Prior Release”).

<sup>5</sup> The Trust is registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1) (“1940 Act”). On April 14, 2014, the Trust filed with the Commission an amendment to its registration statement on Form N-1A under the Securities Act of 1933 (15 U.S.C. 77a), and under the 1940 Act relating to the Fund (File Nos. 333-148082 and 811-22154) (“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. 28604 (January 16, 2009) (File No. 812-13440) (“Exemptive Order”).

<sup>6</sup> The previous investment manager for the Fund was Grail Advisors LLC, a majority-owned subsidiary of Grail Partners LLC. The Fund previously was sub-advised by American Beacon Advisors, Inc.

the Investment Manager will utilize to implement the Fund's investment objective, as described below.<sup>7</sup>

The Prior Release stated that the Fund's investment objective is long-term capital appreciation and current income; that, ordinarily, at least 80% of the Fund's net assets (plus the amount of any borrowings for investment purposes) would be invested in equity securities of large market capitalization U.S. companies; and that these companies generally have market capitalizations similar to the market capitalizations of the companies in the Russell 1000® Index at the time of investment.<sup>8</sup> The Prior Release further stated that the Fund's investment sub-advisers will select stocks that, in their opinion, have most or all of the following characteristics (relative to the Russell 1000® Index): above-average earnings growth potential; below-average price to earnings ratio; below-average price to book value ratio; and above-average dividend yields.<sup>9</sup>

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<sup>7</sup> The changes described herein will be effective upon filing with the Commission of another amendment to the Fund's Registration Statement. See note 5, *supra*. The Investment Manager represents that it will manage the Fund in the manner described in the Prior Release, and will not implement the changes described herein until the instant proposed rule change is operative.

<sup>8</sup> The Russell 1000 Index measures the performance of the 1,000 largest U.S. companies based on total market capitalization. The Prior Release stated that the Fund's investments may include common stocks, preferred stocks, securities convertible into U.S. common stocks, U.S. dollar-denominated American Depositary Receipts, and U.S. dollar-denominated foreign stocks traded on U.S. exchanges, and that the Fund will not purchase or sell securities in markets outside the U.S.

<sup>9</sup> The Fund currently does not have a sub-adviser. The activities of the sub-advisers described in the Prior Release have been assumed by the Investment Manager, but the Investment Manager may, in the future, employ for the Fund the services of an investment sub-adviser or sub-advisers. The Investment Manager is not registered as a broker-dealer, but is affiliated with a broker-dealer, and has implemented a "fire wall" with respect to such broker-dealer regarding access to information concerning the composition and/or changes to the Fund's portfolio. If the Investment Manager elects to hire a sub-adviser for the Fund that is registered as a broker-dealer or is affiliated with a broker-dealer, such sub-adviser will implement a fire wall with respect to its relevant personnel or broker-dealer affiliate regarding access to information concerning the

Going forward, whether day-to-day portfolio management of the Fund is provided by the Investment Manager or a sub-adviser selected by the Investment Manager, the Investment Manager wishes to revise the description of what constitutes equity securities of “large market capitalization U.S. companies” from the market capitalization range of the Russell 1000® Index to companies with market capitalizations similar to the market capitalizations of the companies in the Russell 1000® Value Index at the time of investment.<sup>10</sup> The Investment Manager represents that it has managed the Fund consistent with the range of the Russell 1000® Index; however, the Investment Manager believes that the Russell 1000 Value® Index will better reflect the Fund’s “value” style of investing.<sup>11</sup>

The Investment Manager represents that there is no change to the Fund’s investment objective. The Fund will continue to comply with all initial and continued listing requirements

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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.

In the event (a) the Investment Manager 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 a fire wall with respect to its relevant personnel or its broker-dealer affiliate 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.

<sup>10</sup> The Russell 1000 Value® Index, which is a subset of the Russell® 1000 Index, measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. The Russell 1000 Value Index is reconstituted annually. The Fund’s current performance benchmark is the Russell 1000 Value® Index, as reflected in the Registration Statement.

<sup>11</sup> According to the Registration Statement, the Investment Manager considers a variety of factors in identifying opportunities and constructing the Fund’s portfolio which may include, among others, a low price-to-earnings ratio; positive change in senior management; positive corporate restructuring; temporary setback in price due to factors that no longer exist or are ending; a positive shift in the company’s business cycle; and/or a catalyst for increase in the rate of the company’s earnings growth. These factors may change over time.

under NYSE Arca Equities Rule 8.600.

Except for the changes noted above, all other facts presented and representations made in the Prior Release remain unchanged.

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

## 2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)<sup>12</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 Investment Manager represents that there is no change to the Fund's investment objective and the Investment Manager believes that the Russell 1000 Value® Index better reflects the Fund portfolio managers' value style of investing. In addition, the Investment Manager notes that the Fund's current performance benchmark is the Russell 1000 Value® Index.

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 the Fund will continue to comply with all initial and continued listing requirements under NYSE Arca Equities Rule 8.600. The Investment Manager represents that there is no change to the Fund's investment objective. Except for the changes noted above, all other representations made in the Prior Release remain

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<sup>12</sup> 15 U.S.C. 78f(b)(5).

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 proposed changes will accommodate continued listing and trading of an issue of Managed Fund Shares that, ordinarily, principally holds large-capitalization, U.S. exchange-listed equities.

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>13</sup> and Rule 19b-4(f)(6)(iii) thereunder.<sup>14</sup>

A proposed rule change filed under Rule 19b-4(f)(6)<sup>15</sup> normally does not become operative for 30 days after the date of the filing. However, Rule 19b-4(f)(6)(iii)<sup>16</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of

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<sup>13</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>14</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file 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.

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

<sup>16</sup> 17 CFR 240.19b-4(f)(6)(iii).

investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay to accommodate the proposed change without delay. The Exchange states that the Shares of the Fund are currently listed and trading.

The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest.<sup>17</sup> As stated in this proposal, the proposed change does not alter the Fund's investment objective. Under the proposal, the Exchange seeks to change the description of what constitutes equity securities of "large market capitalization U.S. companies" from the market capitalization range of the Russell 1000® Index to companies with market capitalizations similar to the market capitalizations of the companies in the Russell 1000® Value Index at the time of investment. The Commission notes that the Russell 1000 Value® Index, which measures the performance of the large-cap value segment of the U.S. equity universe, is a subset of the Russell® 1000 Index. The Commission further notes that the Fund's current performance benchmark is the Russell 1000 Value® Index, as reflected in the Registration Statement. The Exchange represents that, except for this change, all other facts and representations made in the Prior Release remain unchanged, and the Fund will continue to comply with all initial and continued listing requirements under NYSE Arca Equities Rule 8.600. Because the proposed change does not alter the Fund's investment objective and does not raise any novel or unique regulatory issues, the Commission designates the proposed rule change as operative upon filing.

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

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<sup>17</sup> For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

#### 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-NYSEArca-2014-66 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-2014-66. 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 am and



3:00 pm. Copies of such filing will also 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-2014-66 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>18</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>18</sup> 17 CFR 200.30-3(a)(12).