

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-82390; File No. SR-NYSEArca-2017-107)

December 22, 2017

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Amendment No. 1, and Order Granting Approval on an Accelerated Basis of a Proposed Rule Change, as Modified by Amendments No. 1 and No. 3, to List and Trade of Shares of the Breakwave Dry Bulk Shipping ETF Under NYSE Arca Rule 8.200-E, Commentary .02

I. Introduction

On September 8, 2017, NYSE Arca, Inc. (“Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”)² and Rule 19b-4 thereunder,³ a proposed rule change to list and trade shares (“Shares”) of the Breakwave Dry Bulk Shipping ETF (“Fund”) under NYSE Arca Rule 8.200-E, Commentary .02. The proposed rule change was published for comment in the Federal Register on September 28, 2017.⁴ On December 5, 2017, the Exchange filed Amendment No. 1 to the proposed rule change, which amended and replaced the proposed rule change in its entirety.⁵ On December 20, 2017, the Exchange filed

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

⁴ See Securities Exchange Act Release No. 81681(September 22, 2017), 82 FR 45342.

⁵ In Amendment No. 1, the Exchange: (1) disclosed information regarding the dissemination of the Reference Indexes (defined below); (2) described further the exchanges that trade Freight Futures (defined below); (3) described the regulatory framework under which brokers that trade Freight Futures operate; (4) described how options held by the fund would be valued in calculating the Fund’s net asset value; (5) discussed why it believes that the cut-off time for creation and redemption orders will not negatively impact arbitrage opportunities for the shares; (6) modified its description of how the indicative fund value would be calculated; (7) provided information regarding the availability of pricing information for Freight Futures and exchange listed options on such futures; (8) expanded its description of the scope of information that will be made available regarding the Fund’s portfolio holdings; (9) expanded the continued listing standards applicable to the Shares; (10) limited the amount of exchange-listed options

Amendment No. 2 to the proposed rule change. The Exchange withdrew Amendment No. 2 on December 21, 2017, and on the same day filed Amendment No. 3.⁶ No comments have been received regarding the proposed rule change. The Commission is providing notice of the filing of Amendment No. 1 to interested persons, and is approving the proposed rule change, as modified by Amendments No. 1 and No. 3, on an accelerated basis.

II. Description of the Proposed Rule Change, as Modified by Amendment No. 1 and No. 3

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.

that may be held by the Fund that are not listed on an ISG/CSSA market; (11) expanded its description of the surveillance applicable to Freight Futures and exchange-listed options on such futures; and (12) made other technical amendments. Amendment No. 1 to the proposed rule change is available at: <https://www.sec.gov/comments/sr-nysearca-2017-107/nysearca2017107-2759312-161596.pdf>.

⁶ In Amendment No. 3, the Exchange provided background information to support its proposal. Specifically, the Exchange: (1) identified the regulators of the markets that list Freight Futures; and (2) stated that Freight Futures have been cleared since 2005. Because Amendment No. 3 does not materially alter the substance of the proposed rule change or raise unique or novel regulatory issues, Amendment No. 3 is not subject to notice and comment. Amendment No. 3 to the proposed rule change is available at: <https://www.sec.gov/comments/sr-nysearca-2017-107/nysearca2017107-2837568-161712.pdf>.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to list and trade shares (“Shares”) of the following under NYSE Arca Rule 8.200-E, Commentary .02, which governs the listing and trading of Trust Issued Receipts: Breakwave Dry Bulk Shipping ETF (the “Fund”).⁷

The Fund will be a series of ETF Managers Group Commodity Trust I (the “Trust”).⁸ The Fund and the Trust will be managed and controlled by their sponsor and investment manager, ETF Managers Capital LLC (the “Sponsor”). The Sponsor is registered with the Commodity Futures Trading Commission (“CFTC”) as a commodity pool operator (“CPO”) and is a member of the National Futures Association (“NFA”). Breakwave Advisors LLC (“Breakwave”) is registered as a commodity trading advisor with the CFTC and will serve as the Fund’s commodity trading advisor. ETFMG Financial LLC will be the Fund’s distributor (“Distributor” or “Marketing Agent”). US Bancorp Fund Services LLC will be the Fund’s “Administrator” and “Transfer Agent”.

The Fund’s Investment Objective and Strategy

According to the Registration Statement, the Fund’s investment objective will be to provide investors with exposure to the daily change in the price of dry bulk freight futures,

⁷ Commentary .02 to NYSE Arca Rule 8.200-E applies to Trust Issued Receipts that invest in “Financial Instruments.” The term “Financial Instruments,” as defined in Commentary .02(b)(4) to NYSE Arca Rule 8.200-E, means any combination of investments, including cash; securities; options on securities and indices; futures contracts; options on futures contracts; forward contracts; equity caps, collars, and floors; and swap agreements.

⁸ On June 2, 2017, the Trust filed with the Commission a registration statement on Form S-1 under the Securities Act of 1933 (15 U.S.C. 77a) (“Securities Act”) relating to the Fund (File No. 333-218453) (the “Registration Statement”). The description of the operation of the Trust and the Fund herein is based, in part, on the Registration Statement.

before expenses and liabilities of the Fund, by tracking the performance of a portfolio (the “Benchmark Portfolio”) consisting of a three-month strip of the nearest calendar quarter of futures contracts on specified indexes (each a “Reference Index”) that measure rates for shipping dry bulk freight (“Freight Futures”). Each Reference Index is published each U.K. business day by the London-based Baltic Exchange Ltd ⁹ and measures the charter rate for shipping dry bulk freight in a specific size category of cargo ship – Capesize, Panamax or Supramax. The three Reference Indexes are as follows: Capesize: the Capesize 5TC Index; Panamax: the Panamax 4TC Index; and Supramax: the Supramax 6TC Index.¹⁰ The value of the Capesize 5TC Index is

⁹ The Baltic Exchange, which is a wholly owned subsidiary of the Singapore Exchange Ltd (“SGX”), is a membership organization and an independent source of maritime market information for the trading and settlement of physical and derivative shipping contracts. According to the Baltic Exchange, this information is used by shipbrokers, owners and operators, traders, financiers and charterers as a reliable and independent view of the dry and tanker markets.

¹⁰ The Reference Indexes are published by the Baltic Exchange’s subsidiary company, Baltic Exchange Information Services Ltd (“Baltic”), which publishes a wide range of market reports, fixture lists and market rate indicators on a daily and (in some cases) weekly basis. The Baltic indices, which include the Reference Indexes, are an assessment of the price of moving the major raw materials by sea. The indices are based on assessments of the cost of transporting various bulk cargoes, both wet (e.g., crude oil and oil products) and dry (e.g., coal and iron ore), made by leading shipbroking houses located around the world on a per tonne and daily hire basis. The information is collated and published by the Baltic Exchange. Procedures relating to administration of the Baltic indices are set forth in “The Baltic Exchange, Guide to Market Benchmarks” November 2016 (the “Guide”), including production methods, calculation, confidentiality and transparency, duties of panelists, code of conduct, audits and quality control. The Guide is available at www.balticexchange.com. According to the Guide, these procedures are in compliance with the “Principles for Financial Benchmarks” issued by the International Organization of Securities Commissioners (or “IOSCO”) (the “IOSCO Principles”). The IOSCO Principles are designed to enhance the integrity, the reliability and the oversight of benchmarks by establishing guidelines for benchmark administrators and other relevant bodies in the following areas: Governance: to protect the integrity of the benchmark determination process and to address conflicts of interest; Benchmark quality: to promote the quality and integrity of benchmark determinations through the application of design factors; Quality of the methodology: to promote the quality and integrity of methodologies by setting out minimum information that should be addressed within a methodology. These principles also call for credible transition policies in case a

disseminated at 11:00 a.m., London Time and the value of the Panamax 4TC Index and the Supramax 6TC Index each is disseminated at 1:00 p.m., London Time. The Reference Index information disseminated by the Baltic Exchange also includes the components and value of each component in each Reference Index. Such Reference Index information also is widely disseminated by Reuters and/or other major market data vendors.

The Fund will seek to achieve its investment objective by investing substantially all of its assets in the Freight Futures currently constituting the Benchmark Portfolio. The Benchmark Portfolio will include all existing positions to maturity and settle them in cash. During any given calendar quarter, the Benchmark Portfolio will progressively increase its position to the next calendar quarter three-month strip, thus maintaining constant exposure to the Freight Futures market as positions mature.

The Benchmark Portfolio will maintain long-only positions in Freight Futures. The Benchmark Portfolio will hold a combination of Capesize, Panamax and Supramax Freight Futures. More specifically, the Benchmark Portfolio will hold 50% exposure in Capesize Freight Futures contracts, 40% exposure in Panamax Freight Futures contracts and 10% exposure in Supramax Freight Futures contracts. The Benchmark Portfolio will not include and the Fund will not invest in swaps, non-cleared dry bulk freight forwards or other over-the-counter derivative instruments that are not cleared through exchanges or clearing houses. The Fund may hold

benchmark may cease to exist due to market structure change. Accountability mechanisms: to establish complaints processes, documentation requirements and audit reviews. The IOSCO Principles provide a framework of standards that might be met in different ways, depending on the specificities of each benchmark. In addition to a set of high level principles, the framework offers a subset of more detailed principles for benchmarks having specific risks arising from their reliance on submissions and/or their ownership structure. For further information concerning the IOSCO Principles, [see http://www.iosco.org/library/pubdocs/pdf/IOSCOPD415.pdf](http://www.iosco.org/library/pubdocs/pdf/IOSCOPD415.pdf).

exchange-traded options on Freight Futures. The Benchmark Portfolio is maintained by Breakwave and will be rebalanced annually.

When establishing positions in Freight Futures, the Fund will be required to deposit initial margin with a value of approximately 10% to 40% of the notional value of each Freight Futures position at the time it is established. These margin requirements are established and subject to change from time to time by the relevant exchanges, clearing houses or the Fund's futures commission merchant ("FCM"). On a daily basis, the Fund will be obligated to pay, or entitled to receive, variation margin in an amount equal to the change in the daily settlement level of its Freight Futures positions. Any assets not required to be posted as margin with the FCM will be held at the Fund's custodian in cash or cash equivalents.¹¹

The Fund will seek to achieve its objective by purchasing Freight Futures that are cleared through major exchanges (see description of Freight Futures below). The Fund will place purchase orders for Freight Futures with an execution broker. The broker will identify a selling counterparty and, simultaneously with the completion of the transaction, will submit the block traded Freight Futures to the relevant exchange or clearing house for clearing, thereby completing and creating a cleared futures transaction. If the exchange or clearing house does not accept the transaction for any reason, the transaction will be considered null and void and of no legal effect.

The principal markets for Freight Futures are Nasdaq Stockholm AB and SGX. Other exchanges that clear Freight Futures are ICE Futures US (the "ICE"), the Chicago Mercantile Exchange ("CME") and the European Energy Exchange ("EEX"). In each case, the applicable

¹¹ The Fund will hold cash or cash equivalents, such as U.S. Treasuries or other high credit quality, short-term fixed-income or similar securities for direct investment or as collateral for the U.S. Treasuries and for other liquidity purposes, and to meet redemptions that may be necessary on an ongoing basis.

exchange acts as a counterparty for each member for clearing purposes.¹² The Fund's investments in Freight Futures will be cleared by Nasdaq Stockholm AB, CME, SGX, ICE and/or the European Energy Exchange ("EEX").¹³ Nasdaq Stockholm AB is regulated by the Swedish Financial Supervisory Authority. SGX is regulated by the Monetary Authority of Singapore. EEX is regulated by the Federal Financial Supervisory Authority in Germany. The ICE and CME are regulated in the U.S. by the CFTC.

Freight futures clearing has been occurring since 2005.

The Benchmark Portfolio will consist of positions in the three-month strip of the nearest calendar quarter of Freight Futures and roll them constantly to the next calendar quarter. The four-calendar quarters are January, February, and March (Q1), April, May, and June (Q2), July, August, and September (Q3), and October, November and December (Q4). The Benchmark Portfolio will consist of an equal number of Freight Futures in each of the three months comprising the nearby calendar quarter at the beginning of such quarter.

Throughout the quarter, the Fund will attempt to roll positions in the nearby calendar quarter, on a pro rata basis. For example, if the Fund was currently holding the Q1 calendar quarter comprising the January, February and March monthly contracts, each week in the month of February, the Fund will attempt to purchase Q2 contracts in an amount equal to approximately one quarter of the expiring February positions. As a result, by the end of February, the Fund would have rolled the February position to Q2 contracts, leaving the Fund with March and Q2 contracts. At the end of March, the Fund will have completed the roll and will then hold only Q2

¹² LCH.Clearnet currently clears Freight Futures but has announced that, as of December 28, 2017, it will no longer clear Freight Futures.

¹³ Nasdaq Stockholm AB, SGX, CME and ICE are members of the Intermarket Surveillance Group ("ISG"). See note 19, *infra*.

exposure comprising April, May and June monthly contracts. Since Freight Futures contracts are cash settled, the Fund need not sell out of existing contracts. Rather, it will hold such contracts to expiration and apply the above methodology in order to acquire the nearby calendar contract.

The Benchmark Portfolio will be rebalanced annually. The Benchmark Portfolio's initial allocation will be approximately 50% Capesize Freight Futures contracts, 40% Panamax Freight Futures contracts and 10% Supramax Freight Futures contracts. The above allocation will be based on contract value, not number of lots. Given each asset's individual price movements during the year, such percentages might deviate from the targeted allocation.

During the month of December of each year, the Fund will rebalance its portfolio in order to bring the allocation of assets back to the desirable levels. During this period, the Fund would purchase or sell Freight Futures to achieve its targeted allocation.

The Sponsor anticipates that the Fund's Freight Futures positions will be held to expiration and settle in cash against the respective Reference Index as published by the Baltic Exchange. However, positions may be closed out to meet orders for redemption of baskets, in which case the proceeds from the closed positions will not be reinvested.

The Fund's portfolio will be traded with a view to reflecting the performance of the Benchmark Portfolio, whether the Benchmark Portfolio is rising, falling or flat over any particular period. To maintain the correlation between the Fund and the change in the Benchmark Portfolio, the Sponsor may adjust the Fund's portfolio of investments on a daily basis in response to creation and redemption orders or otherwise as required.

Overview of the Dry Bulk Freight Industry

As stated in the Registration Statement, the following is a brief introduction of the global dry bulk freight industry. The data presented below is derived from information released from

various third-party sources. The third-party sources from which certain of the information presented below include the United Nations Conference on Trade and Development, the Baltic and International Maritime Council, Bloomberg and others. Dry bulk shipping is a 150-plus year-old industry focusing on the transportation of dry bulk commodities using oceangoing vessels named dry bulk carriers. Dry bulk carriers are ships that have cargo loaded directly into the ship's storage holds. The cargos transported are dry commodities that do not need to be carried in packaged form. Dry commodity cargos (mainly iron ore, coal and grains) are homogenous and are loaded with bucket cranes, conveyors or pumps. Crude oil and refined products, while shipped in bulk, are wet cargos and are transported on tanker vessels, rather than dry bulk carriers. Dry bulk carriers have an average useful life of approximately 25 years and are measured on size or capacity in dead weight tons (“DWT”).

Dry bulk carriers come in various sizes:

Capesizes (100,000+ DWT) are the largest of the dry bulk asset classes. Capesizes primarily transport iron ore and coal. Traditional Capesize routes are from Australia to Asia, and from Brazil to Europe and Asia. There are about 1,650 Capesizes worldwide. The Capesize fleet is about 40% of the dry bulk fleet by DWT capacity.

Panamaxes (65,000 – 100,000 DWT) primarily transport coal, grain and iron ore. The Panamax is the largest vessel class that can transit the (old) Panama Canal. There are about 2,500 Panamaxes worldwide representing 24% of the global fleet by capacity.

Handymaxes (40,000 – 65,000 DWT) are the work horse of the industry, carrying the whole spectrum of dry bulk commodities: grain, coal, iron ore, and minor bulks. A sub-category of Handymaxes are vessels with capacities of 50,000-65,000 that are called Supramaxes. There are 3,400 Handymaxes worldwide representing about 25% of the global fleet by DWT capacity.

Handysizes (10,000 – 40,000 DWT) bulkers typically transport grain, coal, and minor bulks. Handysize bulkers tend to trade regionally. There are about 3,300 Handysize bulkers in the fleet, or about 11% of the global fleet by DWT capacity.

Dry Bulk Vessel Supply

According to the Registration Statement, there are approximately 10,500 dry bulk vessels worldwide with a carrying capacity of roughly 790 million DWT and an average age of approximately 8 years. Supply of dry bulk ships is dynamic.

Factors impacting dry bulk supply include new orders, the scrapping of older vessels, new shipbuilding technologies, vessel congestion in ports, closures of major waterways, including canals, and wars and other geopolitical conflicts that can restrict access to vessels available for shipping dry bulk freight.

Demand for Dry Bulk Freight

According to the Registration Statement, dry bulk demand has seen steady growth over the past two decades, as the Asian economies have exhibited robust demand for raw materials on the back of strong economic growth. Iron ore, the main component of steel production, has been the main driver of dry bulk freight demand growth. The higher demand for such raw materials has led to increasing demand for dry bulk shipping, as the regions that produce and consume raw materials are located far apart.

Demand for dry bulk freight is generally measured in ton-miles, which corresponds to one ton of freight carried one mile. Such measure takes into consideration both the quantity of cargo transport but also the distance between loading and offloading ports. Over the last 10 years, dry bulk freight demand growth for major commodities has averaged approximately 6% per year. In 2015, dry bulk freight demand growth for major commodities declined for the first

time in at least 15 years, while in 2016, it is estimated to have increased by approximately 2%. Weaker iron ore and coal imports to China were the main reasons for the below trend growth.

Factors impacting demand for shipping dry bulk freight include global economic growth, demand for iron ore, demand for metallurgical and thermal coal, demand for grains, government regulations, taxes and tariffs, fuel prices, vessel speeds and new trade routes.

Dry Bulk Freight Charter Rates

According to the Registration Statement, dry bulk freight “charter rates” reflect the price paid for the use of the ship to transport a bulk commodity. The most commonly used freight rate is the timecharter rate, which is measured in U.S. Dollars per day. Dry bulk timecharter rates have exhibited significant volatility in the last 15 years. From 2003 to 2008, faster growth rates in demand for dry bulk ships was not matched by growth in supply of ships and thus, charter rates increased considerably, reaching their highest point in 2008. Following the global financial crisis, growth in supply of ships exceeded demand, leading to a considerable drop in charter rates. Over the last five years, rates have generally been weak compared to historical levels, as higher supply and relatively weak demand growth led to lower utilization rates in the industry.

A common industry measure of dry bulk rates is the Baltic Dry Index (“BDI”). The BDI is an economic indicator issued daily by the Baltic Exchange. The BDI provides an assessment of the price of moving the major raw materials by sea throughout the world. Taking in 21 shipping routes measured on a timecharter basis, the index covers Handysize, Supramax, Panamax, and Capesize dry bulk carriers carrying a range of commodities including coal, iron ore and grain. Each individual asset class also has its own index (i.e., a Reference Index), which is also published daily by the Baltic Exchange and reflects a weighted average assessment of different standardized routes around the world.

The BDI has reflected the volatility of charter rates over the last 15 years, reaching its highest point on record in 2008 at 11,793. In 2016, it reached its lowest point on record at 290. The average price of the BDI in the 15 years from 2001 to 2016 has been 2,567, and the median price has been 1,747. As of March 31, 2017, the BDI stood at 1,200.

Freight Futures

According to the Registration Statement, freight futures are financial futures contracts that allow ship owners, charterers and speculators to hedge against the volatility of freight rates. The Freight Futures are built on indices composed of baskets of routes for dry bulk freight, such as the Capesize 5TC Index, Panamax 4TC Index and Supramax 6TC Index. Freight Futures are financial instruments that trade off-exchange but then are cleared through an exchange. Market participants communicate their buy or sell orders through a network of execution brokers mainly through phone or instant messaging platforms with specific trading instructions related to price, size, and type of order. The execution broker receives such order and then attempts to match it with a counterpart. Once there is a match and both parties confirm the transaction, the execution broker submits the transaction details including trade specifics, counterparty details and accounts to the relevant exchange for clearing, thus completing a cleared block futures transaction. The exchange will then require the relevant member or FCM to submit the necessary margin to support the position similar to other futures clearing and margin requirements.

Freight Futures are listed and cleared on the following exchanges: Nasdaq Stockholm AB, CME, ICE Futures U.S., SGX, and EEX.

Freight Futures settle monthly over the arithmetic average of spot index assessments in the contract month for the relevant underlying product, rounded to one decimal place. The daily index publication, against which Freight Futures settle, is published by the Baltic Exchange.

Generally, Freight Futures trade from approximately 12:00 a.m. Eastern Time (“E.T.”) to approximately 12:00 p.m. E.T. The great majority of trading volume occurs during London business hours, from approximately 3:00 a.m. E.T. time to approximately 12:00 p.m. E.T. Some limited trading takes place during Asian business hours as well (12:00 a.m.-3:00 a.m. E.T.).

Exchanges have a cutoff time of 1:00 p.m. E.T. for clearing the respective day’s trades (SGX clears Freight Futures from 6:25 p.m. E.T. to 3:45 p.m. E.T. (next day) or, during part of the year, from 7:25 p.m. to 4:45 p.m. E.T. (next day)). The final closing prices for settlement are published daily around 1:30 p.m. E.T. Final cash settlement occurs the first business day following the expiry day.

Freight Futures are quoted in U.S. Dollars per day, with a minimum lot size of one. One lot represents one day of freight costs, as freight rates are measured in U.S. Dollars per day. The nominal value of a contract is simply the product of lots and Freight Futures prices. There are Futures Contracts of up to 72 consecutive months, starting with the current month, available for trading for each vessel class.

Similar to other futures, Freight Futures are subject to margin requirements by the relevant exchanges. The Sponsor anticipates that approximately 10% to 40% of the Fund’s assets will be used as payment for or collateral for Freight Futures contracts. In order to collateralize its Freight Futures positions, the Fund will hold such assets, from which it will post margin to its FCM in an amount equal to the margin required by the relevant exchanges, and transfer to its FCM any additional amounts that may be separately required by the FCM.

According to the Registration Statement, most of the daily trading takes place over phones and instant messaging platforms.¹⁴ Trading screens also exist and some trading also happens through such screens. Brokers are required to report to the relevant exchanges each trade that takes place. Freight Futures liquidity has remained relatively constant, in lot terms, over the last five years with approximately 1.1 million lots trading annually. Open interest currently stands at approximately 290,000 lots across all asset classes representing an estimated value of more than \$3 billion. Of such open interest, Capesize contracts account for approximately 50%, Panamax for approximately 40% and Handymax for approximately 10%. Major market participants in Freight Futures market include: commodity producers, commodity users, commodity trading houses, ship operators, major banks, investment funds and independent ship owners.

Calculating Net Asset Value (“NAV”)

The Fund’s NAV will be calculated by taking the current market value of its total assets, subtracting any liabilities; and dividing that total by the total number of outstanding Shares.

The Administrator will calculate the NAV of the Fund once each NYSE Arca trading day. The NAV for a particular trading day will be released after 4:00 p.m. E.T. The Administrator will use the Baltic Exchange closing price for the Freight Futures. Option contracts will be valued at their most recent sale price on the applicable exchange. The Administrator will calculate or determine the value of all other Fund investments using market

¹⁴ Freight Futures are primarily traded through broker members of the Forward Freight Agreement Brokers Association (“FFABA”), such as Clarkson’s Securities, Simpson Spence Young, Freight Investor Services, GFI Group, BRS Group and ICAP. Members of the FFABA must be members of the Baltic Exchange and must be regulated by the Financial Conduct Authority if resident in the U.K., or if not resident in the U.K., by an equivalent body if required by the authorities in the jurisdiction. Source: The Baltic Code of the Baltic Exchange.

quotations, if available, or other information customarily used to determine the fair value of such investments as of the close of the NYSE Arca Core Trading Session (normally 4:00 p.m. E.T.). The information may include costs of funding, to the extent costs of funding are not and would not be a component of the other information being utilized. Third parties supplying quotations or market data may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors, brokers and other sources of market information.

Indicative Fund Value

In order to provide updated information relating to the Fund for use by investors and market professionals, an updated indicative fund value (“IFV”) will be made available through on-line information services throughout the Exchange Core Trading Session (normally 9:30 a.m. to 4:00 p.m., E.T.) on each trading day. The IFV will be calculated by using the prior day’s closing NAV per Share of the Fund as a base and updating that value throughout the trading day to reflect changes in the most recently reported trade price for the futures and/or options held by the Fund. The IFV disseminated during NYSE Arca Core Trading Session hours should not be viewed as an actual real time update of the NAV, because the NAV will be calculated only once at the end of each trading day based upon the relevant end of day values of the Fund’s investments.

The IFV will be disseminated on a per Share basis every 15 seconds during regular NYSE Arca Core Trading Session hours of 9:30 a.m. E.T. to 4:00 p.m. E.T. The customary trading hours of the Freight Futures trading are 3:00 a.m. E.T. to 12:00 p.m. E.T. This means that there is a gap in time at the end of each day during which the Fund’s Shares will be traded on the NYSE Arca, but real-time trading prices for contracts are not available. During such gaps in time the IFV will be calculated based on the end of day price of such contracts from the Baltic

Exchange's immediately preceding settlement prices. In addition, other investments and U.S. Treasuries held by the Fund will be valued by the Administrator using rates and points received from client-approved third party vendors (such as Reuters and WM Company) and broker-dealer quotes. These investments will not be included in the IFV.

Dissemination of the IFV provides additional information that is not otherwise available to the public and is useful to investors and market professionals in connection with the trading of the Fund's Shares on the NYSE Arca. Investors and market professionals are able throughout the trading day to compare the market price of Fund Shares and the IFV. If the market price of the Fund Shares diverges significantly from the IFV, market professionals will have an incentive to execute arbitrage trades. For example, if the Fund's Shares appears to be trading at a discount compared to the IFV, a market professional could buy the Fund's Shares on the NYSE Arca and take the opposite position in Freight Futures. Such arbitrage trades can tighten the tracking between the market price of the Fund's Shares and the IFV and thus can be beneficial to all market participants.

Creation and Redemption of Shares

According to the Registration Statement, the Fund will create and redeem Shares from time to time in one or more "Creation Baskets" or "Redemption Baskets" (collectively, the "Baskets"). A Basket consists of 50,000 Shares. The creation and redemption of Baskets will only be made in exchange for delivery to the Fund or the distribution by the Fund of the amount of Treasuries and any cash represented by the Baskets being created or redeemed, the amount of which is based on the combined NAV of the number of Shares included in the Baskets being created or redeemed determined as of 4:00 p.m. E.T. on the day the order to create or redeem Baskets is properly received.

“Authorized Participants” are the only persons that may place orders to create and redeem Baskets. Authorized Participants must be (1) registered broker-dealers or other securities market participants, such as banks and other financial institutions, that are not required to register as broker-dealers to engage in securities transactions described below, and (2) Depository Trust Company (“DTC”) participants.

Creation Procedures

On any business day, an Authorized Participant may place an order with the Transfer Agent to create one or more Baskets. For purposes of processing purchase and redemption orders, a “business day” means any day other than a day when any of the NYSE Arca, the Baltic Exchange or the New York Stock Exchange is closed for regular trading. Purchase orders must be placed by 1:00 p.m. E.T. or the close of the Core Trading Session on NYSE Arca, whichever is earlier. The day on which a valid purchase order is received in accordance with the terms of the “Authorized Participant Agreement” is referred to as the purchase order date. Purchase orders are irrevocable.

Determination of Required Payment

The total payment required to create each Creation Basket is the NAV of 50,000 Shares on the purchase order date, but only if the required payment is timely received. To calculate the NAV, the Administrator will use the Baltic Exchange settlement price (typically determined after 2:00 p.m. E.T.) for the Freight Futures. Because orders to purchase Baskets must be placed no later than 1:00 p.m., E.T., but the total payment required to create a Basket typically will not be determined until after 2:00 p.m., E.T., on the date the purchase order is received, Authorized Participants will not know the total amount of the payment required to create a Basket at the time they submit an irrevocable purchase order.

Delivery of Required Payment

An Authorized Participant who places a purchase order shall transfer to the Administrator the required amount of Freight Futures, U.S. Treasuries and/or cash, or a combination of them, by the end of the next business day following the purchase order date. Upon receipt of the deposit amount, the Administrator will direct DTC to credit the number of Baskets ordered to the Authorized Participant's DTC account on the next business day following the purchase order date.

Redemption Procedures

According to the Registration Statement, the procedures by which an Authorized Participant can redeem one or more Baskets will mirror the procedures for the creation of Baskets. On any business day, an Authorized Participant may place an order with the Transfer Agent, and accepted by the Distributor, to redeem one or more Baskets. Redemption orders must be placed by 1:00 p.m. E.T. or the close of the Core Trading Session on the NYSE Arca, whichever is earlier.¹⁵ A redemption order so received will be effective on the date it is received in satisfactory form in accordance with the terms of the Authorized Participant Agreement. The day on which the Marketing Agent receives a valid redemption order is the redemption order date. Redemption orders are irrevocable. By placing a redemption order, an Authorized Participant agrees to deliver the baskets to be redeemed through DTC's book-entry system to the

¹⁵ The Sponsor represents that it believes that the designated time by which orders to create or redeem must be received by the Transfer Agent (1:00 p.m. E.T.) will not have a material impact on an Authorized Participant's arbitrage opportunities with respect to the Fund. As noted above, Freight Futures are cleared by SGX until 3:45 p.m. E.T. (or 4:45 p.m. E.T. during part of the year) and such clearing activity on SGX will serve as an arbitrage mechanism for trading in the Fund's Shares. In addition, price information regarding trading of Freight Futures and options on Freight Futures on the applicable exchange and end-of-day settlement prices published by the applicable exchange will be available during the Core Trading Session.

Fund not later than 1:00 p.m., E.T., on the next business day immediately following the redemption order date.

Determination of Redemption Proceeds

The redemption proceeds from the Fund will consist of a cash redemption amount equal to the NAV of the number of Baskets requested in the Authorized Participant's redemption order on the redemption order date.

Because orders to redeem Baskets must be placed no later than 1:00 p.m., E.T., but the total amount of redemption proceeds typically will not be determined until after 2:00 p.m., E.T., on the date the redemption order is received, Authorized Participants will not know the total amount of the redemption proceeds at the time they submit an irrevocable redemption order.

The redemption proceeds due from the Fund will be delivered to the Authorized Participant at 1:00 p.m., E.T., on the next business day immediately following the redemption order date if, by such time, the Fund's DTC account has been credited with the Baskets to be redeemed.

Availability of Information

The NAV for the Fund's Shares will be disseminated daily to all market participants at the same time. The intraday, closing prices, and settlement prices of the Freight Futures will be readily available from the applicable futures exchange websites, automated quotation systems, published or other public sources, or major market data vendors.

Complete real-time data for Freight Futures is available by subscription through on-line information services. Quotation and last-sale information regarding the Shares will be disseminated through the facilities of the Consolidated Tape Association ("CTA"). The IFV will be available through on-line information services. The Freight Futures and exchange-traded

options on Freight Futures trading prices will be disseminated by one or more major market data vendors during the NYSE Arca Core Trading Session of 9:30 a.m. to 4:00 p.m. E.T. Nasdaq Stockholm AB, SGX, CME, ICE Futures US and EEX provide on a daily basis, transaction volumes, transaction prices, trade time, and open interest on their respective websites. In addition, historical data also exists for volumes and open interest. Daily settlement prices and historical settlement prices are available through a subscription service to the Baltic Exchange, which maintains the licensing rights of relevant freight data. However, the exchanges provide the daily settlement price change of Freight Futures on their respective websites. Certain Freight Futures brokers provide real time pricing information to the general public either through their websites or through data vendors such as Bloomberg or Reuters. Most Freight Futures brokers provide, upon request, individual electronic screens that market participants can use to transact, place orders or only monitor Freight Futures market price levels.

In addition, the Fund's website, www.drybulkETF.com, will display the applicable end of day closing NAV. The Freight Futures currently constituting the Benchmark Portfolio, as well as the daily holdings of the Fund will be available on the Fund's website. The daily holdings of the Benchmark Portfolio and the Fund will be available on the Fund's website before 9:30 a.m. E.T. each day. The website disclosure of portfolio holdings will be made daily and will include, as applicable, (i) the composite value of the total portfolio, (ii) the quantity and type of each holding (including the ticker symbol, maturity date or other identifier, if any) and other descriptive information including, in the case of an option, its strike price, (iii) the percentage weighting of each holding in the Fund's portfolio; (iv) the number of Freight Futures contracts and the value of each Freight Futures (in U.S. dollars), (v) the type (including maturity, ticker symbol, or other identifier) and value of each Treasury security and cash equivalent, and (vi) the

amount of cash held in the Fund's portfolio. The Fund's website will be publicly accessible at no charge.

The daily closing Benchmark Portfolio level and the percentage change in the daily closing level for the Benchmark Portfolio will be publicly available from one or more major market data vendors. The intraday value of the Benchmark Portfolio, updated every 15 seconds, will also be available through major market data vendors.

This website disclosure of the Benchmark Portfolio's and the Fund's daily holdings will occur at the same time as the disclosure by the Trust of the daily holdings to Authorized Participants so that all market participants are provided daily holdings information at the same time. Therefore, the same holdings information will be provided on the public website as well as in electronic files provided to Authorized Participants. Accordingly, each investor will have access to the current daily holdings of the Fund through the Fund's website.

Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Fund.¹⁶ Trading in Shares of the Fund will be halted if the circuit breaker parameters in NYSE Arca Rule 7.12-E have been reached. Trading also may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares of the Fund inadvisable.

The Exchange may halt trading during the day in which an interruption to the dissemination of the IFV or the value of the Benchmark Portfolio occurs. If the interruption to the dissemination of the IFV, or the value of the Benchmark Portfolio persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading

¹⁶ See NYSE Arca Rule 7.12-E.

day following the interruption. In addition, if the Exchange becomes aware that the NAV with respect to the Shares is not disseminated to all market participants at the same time, it will halt trading in the Shares until such time as the NAV is available to all market participants.

Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. Shares will trade on the NYSE Arca Marketplace from 4 a.m. to 8 p.m. E.T. in accordance with NYSE Arca Rule 7.34-E (Early, Core, and Late Trading Sessions). The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in NYSE Arca Rule 7.6-E, the minimum price variation ("MPV") for quoting and entry of orders in equity securities traded on the NYSE Arca Marketplace is \$0.01, with the exception of securities that are priced less than \$1.00 for which the MPV for order entry is \$0.0001.

The Shares will conform to the initial and continued listing criteria under NYSE Arca Rule 8.200-E. The trading of the Shares will be subject to NYSE Arca Rule 8.200-E, Commentary .02(e), which sets forth certain restrictions on Equity Trading Permit ("ETP") Holders acting as registered Market Makers in Trust Issued Receipts to facilitate surveillance. The Exchange represents that, for initial and continued listing, the Funds will be in compliance with Rule 10A-3¹⁷ under the Act, as provided by NYSE Arca Rule 5.3-E. A minimum of 100,000 Shares will be outstanding at the commencement of trading on the Exchange.

Surveillance

The Exchange represents that trading in the Shares will be subject to the existing trading surveillances administered by the Exchange, as well as cross-market surveillances administered

¹⁷ 17 CFR 240.10A-3.

by the Financial Industry Regulatory Authority (“FINRA”) on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws.¹⁸ The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares of the Funds in all trading sessions and to deter and detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange.

The 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, Freight Futures, and exchange-traded options on Freight Futures with other markets and other entities that are members of the ISG, and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in the Shares, Freight Futures, and exchange-traded options on Freight Futures from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares, Freight Futures, and exchange-traded options on Freight Futures from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement (“CSSA”).¹⁹

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 For a list of the current members of ISG, see www.isgportal.org. The Exchange notes that not all components of the Funds may trade on markets that are members of ISG or with which the Exchange has in place a CSSA.

Not more than 10% of the net assets of the Fund in the aggregate invested in Freight Futures and exchange-traded options on Freight Futures shall consist of Freight Futures and exchange-traded options on Freight Futures whose principal market is not a member of the ISG or is a market with which the Exchange does not have a CSSA.

In addition, the Exchange also has a general policy prohibiting the distribution of material, non-public information by its employees.

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

The issuer has represented to the Exchange that it will advise 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).

Information Bulletin

Prior to the 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. Specifically, the Information Bulletin will discuss the following: (1) the risks involved in trading the Shares during the Early and Late Trading Sessions when an updated IFV will not be calculated or publicly disseminated; (2) the procedures for purchases and redemptions of Shares in Creation Baskets and Redemption Baskets (and that Shares are not individually redeemable); (3) NYSE Arca Rule 9.2-E(a), which imposes a duty of due diligence on its ETP Holders to learn

the essential facts relating to every customer prior to trading the Shares; (4) how information regarding the IFV is disseminated; (5) how information regarding portfolio holdings is disseminated; (6) the requirement that ETP Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (7) trading information.

In addition, the Information Bulletin will advise ETP Holders, prior to the commencement of trading, of the prospectus delivery requirements applicable to the Fund. The Exchange notes that investors purchasing Shares directly from the Fund will receive a prospectus. ETP Holders purchasing Shares from the Fund for resale to investors will deliver a prospectus to such investors. The Information Bulletin will also discuss any exemptive, no-action, and interpretive relief granted by the Commission from any rules under the Act. In addition, the Information Bulletin will reference that the Fund is subject to various fees and expenses described in the Registration Statement. The Information Bulletin will also reference that the CFTC has regulatory jurisdiction over the trading of Freight Futures traded on U.S. markets.

The Information Bulletin will also disclose the trading hours of the Shares and that the NAV for the Shares will be calculated after 4:00 p.m. E.T. each trading day. The Information Bulletin will disclose that information about the Shares will be publicly available on the Fund's website.

Prior to the commencement of trading, the Exchange will inform its ETP Holders of the suitability requirements of NYSE Arca Rule 9.2-E(a) in an Information Bulletin. Specifically, ETP Holders will be reminded in the Information Bulletin that, in recommending transactions in the Shares, they must have a reasonable basis to believe that (1) the recommendation is suitable

for a customer given reasonable inquiry concerning the customer's investment objectives, financial situation, needs, and any other information known by such ETP Holder, and (2) the customer can evaluate the special characteristics, and is able to bear the financial risks, of an investment in the Shares. In connection with the suitability obligation, the Information Bulletin will also provide that ETP Holders must make reasonable efforts to obtain the following information: (1) the customer's financial status; (2) the customer's tax status; (3) the customer's investment objectives; and (4) such other information used or considered to be reasonable by such ETP Holder or registered representative in making recommendations to the customer.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)²⁰ 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 and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Rule 8.200-E. The Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Shares of the Fund in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws. The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares, Freight Futures, and exchange-traded options on Freight Futures with other markets and other entities that are members of the

²⁰ 15 U.S.C. 78f(b)(5).

ISG, and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in the Shares, Freight Futures, and exchange-traded options on Freight Futures from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares, Freight Futures, and exchange-traded options on Freight Futures from markets and other entities that are members of ISG or with which the Exchange has in place a CSSA. Not more than 10% of the net assets of the Fund in the aggregate invested in Freight Futures and exchange-traded options on Freight Futures shall consist of Freight Futures and exchange-traded options on Freight Futures whose principal market is not a member of the ISG or is a market with which the Exchange does not have a CSSA. The Exchange will make available on its website daily trading volume of each of the Shares, closing prices of such Shares, and number of Shares outstanding. The intraday, closing prices, and settlement prices of Freight Futures will be readily available from the Baltic Exchange website, automated quotation systems, published or other public sources, or on-line information services.

Complete real-time data for the Freight Futures is available by subscription from on-line information services. Quotation and last-sale information regarding the Shares will be disseminated through the facilities of the CTA. The IFV will be available through on-line information services. The Freight Futures trading prices will be disseminated by one or more major market data vendors every 15 seconds during the NYSE Arca Core Trading Session of 9:30 a.m. to 4:00 p.m. E.T. Nasdaq Stockholm AB, SGX, CME, ICE Futures US and EEX provide on a daily basis, transaction volumes, transaction prices, trade time, and open interest on their respective websites. In addition, the Fund's website, will display the applicable end of day closing NAV. The daily holdings of the Fund will be disclosed on the Fund's website before

9:30 a.m. E.T. each day. The daily holdings of the Fund will be available on the Fund's website before 9:30 a.m. E.T. each day. The Fund's website disclosure of portfolio holdings will be made daily and will include, as applicable, (i) the composite value of the total portfolio, (ii) the quantity and type of each holding (including the ticker symbol, maturity date or other identifier, if any) and other descriptive information including, in the case of an option, its strike price, (iii) the value of each Freight Futures (in U.S. dollars), (iv) the type (including maturity, ticker symbol, or other identifier) and value of each Treasury security and cash equivalent, and (v) the amount of cash held in the Fund's portfolio.

Moreover, prior to the commencement of trading, the Exchange will inform its Equity Trading Permit 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 in the Shares inadvisable

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 Trust Issued Receipts based on Freight Futures that will enhance competition among market participants, to the benefit of investors and the marketplace. As noted above, the Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws.

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 a new type of Trust Issued Receipts based on Freight Futures 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. Discussion and Commission Findings

After careful review, the Commission finds that the Exchange's proposal to list and trade the Shares is consistent with the Exchange Act and the rules and regulations thereunder applicable to a national securities exchange.²¹ In particular, the Commission finds that the proposed rule change, as modified by Amendments No. 1 and No. 3 thereto, is consistent with: (1) Section 6(b)(5) of the Exchange Act,²² which requires, 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; and (2) Section 11A(a)(1)(C)(iii) of the Exchange Act,²³ 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.

²¹ 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).

²² 15 U.S.C. 78f(b)(5).

²³ 15 U.S.C. 78k-1(a)(1)(C)(iii).

The Commission notes that the Exchange has represented that the Freight Futures trade on well-established, regulated markets that are members of the ISG.²⁴ The Commission finds that the Exchange will be able to share surveillance information with a significant regulated market for trading futures on dry bulk freight.

To be listed and traded on the Exchange, the Shares must comply with the requirements of NYSE Arca Rule 8.200-E, Commentary .02 thereto on an initial and continuing basis. The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities.

Quotation and last-sale information regarding the Shares will be disseminated through the facilities of the CTA. The intraday, closing prices, and settlement prices of the Freight Futures will be readily available from the applicable futures exchange websites, automated quotation systems, published or other public sources, or major market data vendors. Complete real-time data for Freight Futures is available by subscription through on-line information services. Trading prices for the Freight Futures will be disseminated by one or more major market data vendors during the NYSE Arca Core Trading Session of 9:30 a.m. to 4:00 p.m. E.T. Nasdaq Stockholm AB, SGX, CME, ICE Futures US and EEX provide on a daily basis, transaction volumes, transaction prices, trade time, and open interest on their respective websites.

In addition, the Fund's website, www.drybulkETF.com, will display the applicable end of day closing NAV. The daily holdings of the Fund will be disclosed on the Fund's website before 9:30 a.m. E.T. each day, and will be made available to all market participants at the same time. The Fund's website disclosure of portfolio holdings will include, as applicable: (1) the composite value of the total portfolio, (2) the quantity and type of each holding (including the

²⁴ See generally Amendments No. 1 and No. 3.

ticker symbol, maturity date or other identifier, if any) and other descriptive information including, in the case of an option, its strike price, (3) the value of each Freight Futures (in U.S. dollars), (4) the type (including maturity, ticker symbol, or other identifier) and value of each Treasury security and cash equivalent, and (5) the amount of cash held in the Fund's portfolio.

The intraday value of the Benchmark Portfolio, updated every 15 seconds, will be available through major market data vendors. The IFV will be disseminated on a per Share basis every 15 seconds during regular NYSE Arca Core Trading Session hours of 9:30 a.m. E.T. to 4:00 p.m. E.T. The Administrator will calculate the NAV of the Fund on each NYSE Arca trading day, and will disseminate that value after 4:00 p.m. E.T. The NAV for the Shares will be disseminated daily to all market participants at the same time.

The Commission also believes that the proposal to list and trade the Shares 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. If the Exchange becomes aware that the NAV with respect to the Shares is not disseminated to all market participants at the same time, it will halt trading in the Shares until such time as the NAV is available to all market participants. Further, the Exchange may halt trading during the day in which an interruption to the dissemination of the IFV or the value of the Benchmark Portfolio occurs; if the interruption to the dissemination of the IFV or the value of the Benchmark Portfolio persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption. Trading in Shares of a Fund will be halted if the circuit breaker parameters in NYSE Arca Rule 7.12-E have been reached. Trading also may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. The Exchange states that it

has a general policy prohibiting the distribution of material, non-public information by its employees. Moreover, trading of the Shares will be subject to NYSE Arca Rule 8.200-E, Commentary .02(e), which sets forth certain restrictions on ETP Holders acting as registered Market Makers in Trust Issued Receipts to facilitate surveillance.

The Commission notes that the Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares and Freight Futures with other markets and other entities that are members of the ISG, and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in the Shares and Freight Futures from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares and Freight Futures from markets and other entities that are members of ISG or with which the Exchange has in place a CSSA.

In support of this proposal, the Exchange represented that:

- (1) The Shares will conform to the initial and continued listing criteria under NYSE Arca Rule 8.200-E.
- (2) The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions.
- (3) Trading in the Shares will be subject to the existing trading surveillances administered by the Exchange, as well as cross-market surveillances administered by FINRA on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws, and these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange.

- (4) Prior to the 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. Specifically, the Information Bulletin will discuss the following: (a) the risks involved in trading the Shares during the Early and Late Trading Sessions when an updated IFV will not be calculated or publicly disseminated; (b) the procedures for purchases and redemptions of Shares in Creation Baskets and Redemption Baskets (and that Shares are not individually redeemable); (c) NYSE Arca Rule 9.2-E(a), which imposes a duty of due diligence on its ETP Holders to learn the essential facts relating to every customer prior to trading the Shares; (d) how information regarding the IFV is disseminated; (e) how information regarding portfolio holdings is disseminated; (f) the requirement that ETP Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (g) trading information.
- (5) For initial and/or continued listing, the Funds will be in compliance with Rule 10A-3 under the Act,²⁵ as provided by NYSE Arca Rule 5.3-E.
- (6) A minimum of 100,000 Shares will be outstanding at the commencement of trading on the Exchange.
- (7) The Fund invest substantially all of its assets in the Freight Futures currently constituting the Benchmark Portfolio, and not more than 10% of the net assets of the Fund in the aggregate invested in Freight Futures or options on Freight

²⁵ 17 CFR 240.10A-3.

Futures shall consist of derivatives whose principal market is not a member of the ISG or is a market with which the Exchange does not have a CSSA.

- (8) The Benchmark Portfolio will not include, and the Fund will not invest in, swaps, non-cleared dry bulk freight forwards or other over-the-counter derivative instruments that are not cleared through exchanges or clearing houses.
- (9) Statements and representations made in this filing regarding (a) the description of the Reference Indexes and portfolios, (b) limitations on portfolio holdings or reference assets, or (c) applicability of Exchange listing rules specified in this filing shall constitute continued listing requirements for listing the Shares on the Exchange.
- (10) The issuer has represented to the Exchange that it will advise 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.²⁶ 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).

This approval order is based on all of the Exchange's representations and description of the Fund, including those set forth above and in Amendments No. 1 and No. 3.

²⁶ The Commission notes that certain other proposals for the listing and trading of exchange-traded products include a representation that the listing exchange will "surveil" for compliance with the continued listing requirements. See, e.g., Securities Exchange Act Release No. 77620 (April 14, 2016), 81 FR 23339 (April 20, 2016) (SR-BATS-2015-124). In the context of this representation, it is the Commission's view that "monitor" and "surveil" both mean ongoing oversight of the Fund's compliance with the continued listing requirements. Therefore, the Commission does not view "monitor" as a more or less stringent obligation than "surveil" with respect to the continued listing requirements.

For the foregoing reasons, the Commission finds that the proposed rule change, as modified by Amendments No. 1 and No. 3 thereto, is consistent with Section 6(b)(5) of the Act²⁷ and the rules and regulations thereunder applicable to a national securities exchange.

IV. Solicitation of Comments on Amendment No. 1

Interested persons are invited to submit written data, views, and arguments concerning Amendment No. 1. 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-2017-107 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-NYSEArca-2017-107. 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

²⁷ 15 U.S.C. 78f(b)(5).

Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of this filing will also 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-2017-107 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 Amendments No. 1 and No. 3, prior to the 30th day after the date of publication of notice of Amendment No. 1 in the Federal Register.²⁸ Amendment No. 1 does not expand the structure of the proposed rule change as it was previously published for notice and comment; Amendment No. 1 supplements the proposal by, among other things, limiting the amount of listed options held by the Fund that are listed on a non-ISG/CSSA market and expanding the continued listing requirements applicable to the Shares. These changes helped the Commission to evaluate the Shares' susceptibility to manipulation, and determine that the listing and trading of the Shares would be consistent with the protection of investors and the public interest. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Exchange Act,²⁹ to approve the proposed rule change, as modified by Amendments No. 1 and No. 3, on an accelerated basis.

²⁸ As noted above, Amendment No. 2 is not subject to notice and comment. See supra note 6.

²⁹ 15 U.S.C. 78s(b)(2).

VI. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Exchange Act,³⁰ that the proposed rule change (SR-NYSEArca-2017-107), as modified by Amendments No. 1 and No. 3, be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³¹

Eduardo A. Aleman
Assistant Secretary

³⁰ 15 U.S.C. 78s(b)(2).

³¹ 17 CFR 200.30-3(a)(12).