

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-84257; File No. SR-NYSEArca-2018-55)

September 21, 2018

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Amendment No. 1 and Order Approving on an Accelerated Basis a Proposed Rule Change, as Modified by Amendment No. 1, to List and Trade Shares of the GraniteShares Gold MiniBAR Trust Pursuant to NYSE Arca Rule 8.201-E

I. Introduction

On July 19, 2018, NYSE Arca, Inc. (“NYSE Arca” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change to list and trade shares (“Shares”) of the GraniteShares Gold MiniBAR Trust (“Trust”) under NYSE Arca Equities Rule 8.201-E. The proposed rule change was published for comment in the Federal Register on August 8, 2018.³ On September 14, 2018, the Exchange filed Amendment No. 1 to the proposed rule change.⁴ The Commission has not received any comments on the proposed rule change. The Commission is publishing this notice to solicit comments on Amendment No.1 from interested persons, and is approving the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 83765 (Aug. 2, 2018), 83 FR 39138 (“Notice”).

⁴ In Amendment No. 1, the Exchange: (1) asserted that gold futures contribute to and provide evidence of the liquidity of the overall market for gold; and (2) stated that the Chicago Mercantile Exchange Group (“CME Group”) and ICE Futures US (“ICE”) are members of the Intermarket Surveillance Group (“ISG”). Amendment No. 1 is available at: <https://www.sec.gov/comments/sr-nysearca-2018-55/srnysearca201855-4348511-173281.pdf>.

II. The Description of the Proposed Rule Change, as Modified by Amendment No. 1⁵

The Exchange proposes to list and trade the Shares under NYSE Arca Equities Rule 8.201-E,⁶ which governs the listing and trading of Commodity-Based Trust Shares on the Exchange.⁷ The Shares will represent units of fractional undivided beneficial interest in and ownership of the Trust. The investment objective of the Trust will be for the Shares to reflect the performance of the price of gold, less the expenses and liabilities of the Trust.

The sponsor of the Trust is GraniteShares LLC (“Sponsor”). The “Trustee” is The Bank of New York Mellon and the “Custodian” is ICBC Standard Bank Plc.

III. Discussion and Commission Findings

After careful review, the Commission finds that the Exchange’s proposed rule change, as modified by Amendment No. 1, to list and trade the Shares is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange.⁸ In particular, the Commission finds that the proposal, as modified by Amendment No. 1, is consistent with Section 11A(a)(1)(C)(iii) of the Act,⁹ which sets forth Congress’ finding that it is in the public

⁵ A more detailed description of the Trust and the Shares, the creation and redemption of Shares, the NAV, the availability of information, among other things, is included in the Registration Statement, infra note 6, and the Notice, supra note 3.

⁶ The Trust has filed a registration statement on Form S-1 under the Securities Act of 1933 (15 U.S.C. 77a), dated July 2, 2018 (File No. 333-226034) (“Registration Statement”).

⁷ A “Commodity-Based Trust Share” is a security (a) that is issued by a trust that holds a specified commodity deposited with the trust; (b) that is issued by such trust in a specified aggregate minimum number in return for a deposit of a quantity of the underlying commodity; and (c) that, when aggregated in the same specified minimum number, may be redeemed at a holder’s request by such trust which will deliver to the redeeming holder the quantity of the underlying commodity. See NYSE Arca Equities Rule 8.201(c)(1).

⁸ 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).

⁹ 15 U.S.C. 78k-1(a)(1)(C)(iii).

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. The last-sale price for the Shares will be disseminated over the Consolidated Tape. According to the Exchange, there is a considerable amount of information about gold and gold markets available on public websites and through professional and subscription services. Investors may obtain gold pricing information on a 24-hour basis based on the spot price for an ounce of gold from various financial information service providers.¹⁰

Additionally, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with Section 6(b)(5) of the Exchange Act,¹¹ which requires, among other things, that the Exchange's rules be designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. The Commission notes that the Exchange has surveillance-sharing agreements with significant, regulated markets for trading futures on gold. Specifically, according to the Exchange: (1) the most significant gold futures exchange in the U.S. is COMEX, a subsidiary of New York Mercantile Exchange, Inc., and a

¹⁰ The Exchange states that Reuters and Bloomberg, for example, provide at no charge on their websites delayed information regarding the spot price of Gold and last sale prices of gold futures, as well as information about news and developments in the gold market. Reuters and Bloomberg also offer a professional service to subscribers for a fee that provides information on gold prices directly from market participants. Complete real-time data for gold futures and options prices traded on the COMEX are available by subscription from Reuters and Bloomberg. There are a variety of other public websites providing information on gold, ranging from those specializing in precious metals to sites maintained by major newspapers. In addition, the LBMA Gold Price is publicly available at no charge at www.lbma.org.uk. See Notice, *supra* note 3, 83 FR at 39140.

¹¹ 15 U.S.C. 78f(b)(5).

subsidiary of the CME Group; (2) ICE also lists gold futures;¹² and (3) the CME Group and ICE are members of the ISG,¹³ which will allow NYSE Arca to obtain surveillance information from COMEX and ICE. Both COMEX and ICE are regulated by the U.S. Commodity Futures Trading Commission (“CFTC”).¹⁴ The gold futures market is of significant size and liquidity.¹⁵

The Commission believes that the proposed rule change, as modified by Amendment No. 1, is reasonably designed to promote fair disclosure of information that may be necessary to price the Shares appropriately. NYSE Arca Equities Rule 8.201-E(e)(2)(v) requires that an intraday indicative value (“IIV,” which is referred to in the rule as the “Indicative Trust Value”) be calculated and disseminated at least every 15 seconds. The IIV will be calculated based on the amount of gold held by the Trust and a price of gold derived from updated bids and offers indicative of the spot price of gold. The Exchange states that the IIV relating to the Shares will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Core Trading Session.¹⁶ The NAV of the Trust will be published by the Sponsor on each day that the NYSE Arca is open for regular trading and will be posted on the Trust’s

¹² See Notice, supra note 3, 83 FR at 39139.

¹³ See Amendment No. 1, supra note 4.

¹⁴ See Securities Exchange Act Release No. 82593 (January 26, 2018), 83 FR 4718, 4719 (February 1, 2018) (approving the listing and trading of shares of the Perth Mint Physical Gold ETF).

¹⁵ The Commission notes that it has approved the listing and trading of other Commodity-Based Trust Shares overlying gold. See, e.g., Securities Exchange Act Release No. 81918 (October 23, 2017), 82 FR 49884 (October 27, 2017) (SR-NYSEArca-2017-98); Securities Exchange Act Release No. 71378 (January 23, 2014), 79 FR 71378 (January 29, 2014) (SR-NYSEArca-2013-137); and Securities Exchange Act Release No. 70195 (August 14, 2013), 78 FR 51239 (August 20, 2013) (SR-NYSEArca-2013-61). See also Securities Exchange Act Release No. 83723 (July 26, 2018), 83 FR 37579, 37594 (August 1, 2018) (SR-BatsBZX-2016-30) (disapproving the listing and trading of shares of the Winklevoss Bitcoin Trust).

¹⁶ See Notice, supra note 3, 83 FR at 39142.

website.¹⁷ The Trust also will publish the following information on their website: (1) the mid-point of the bid-ask price as of the close of trading (“Bid/Ask Price”), and a calculation of the premium or discount of such price against such NAV; (2) data in chart format displaying the frequency distribution of discounts and premiums of the Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters; (3) the Trust’s prospectus, as well as the two most recent reports to stockholders; and (4) the last-sale price of the Shares as traded in the U.S. market.¹⁸ In addition, information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers’ computer screens and other electronic services. Information regarding the previous day’s closing price and trading volume information for the Shares will be published daily in the financial section of newspapers.

The Commission also believes that the proposal, as modified by Amendment No. 1, is reasonably designed to prevent trading when a reasonable degree of transparency cannot be assured. With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares. Trading on the Exchange in the Shares may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) the extent to which conditions in the underlying gold market have caused disruptions and/or lack of trading, or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. In addition, trading in Shares will be subject to trading halts caused by extraordinary market volatility pursuant to the Exchange’s “circuit breaker” rule.¹⁹ The

¹⁷ See id.

¹⁸ See id. at 39140-41.

¹⁹ See id. at 39141.

Exchange will halt trading in the Shares if the NAV of the Trust is not calculated or disseminated daily.²⁰ The Exchange may halt trading during the day in which an interruption occurs to the dissemination of the IIV; if the interruption to the dissemination of the IIV persists past the trading day in which it occurs, the Exchange will halt trading no later than the beginning of the trading day following the interruption.²¹

Additionally, the Commission notes that market makers in the Shares will be subject to the requirements of NYSE Arca Equities Rule 8.201-E(g), which are designed to allow the Exchange to ensure that they do not use their positions to violate the requirements of Exchange rules or applicable federal securities laws.²²

In support of this proposal, the Exchange has made the following additional representations:

- (1) The Shares will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Equities Rule 8.201-E.²³
- (2) The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions.²⁴
- (3) The Exchange deems the Shares to be equity securities.²⁵

²⁰ See id.

²¹ See id.

²² Commentary .04 of NYSE Arca Equities Rule 6.3 requires that an ETP Holder acting as a registered market maker in the Shares, and its affiliates, establish, maintain and enforce written policies and procedures reasonably designed to prevent the misuse of any material nonpublic information with respect to such products, any components of the related products, any physical asset or commodity underlying the product, applicable currencies, underlying indexes, related futures or options on futures, and any related derivative instruments.

²³ See id. at 39142.

²⁴ See id. at 39141.

- (4) The Exchange also has a general policy prohibiting the distribution of material, non-public information by its employees.²⁶
- (5) Trading in the Shares will be subject to the existing trading surveillances administered by the Exchange, as well as cross-market surveillances administered 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, and that 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.²⁷
- (6) The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares 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 from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.²⁸

²⁵ See id. The Commission notes that, as a result, trading of the Shares will be subject to the Exchange’s existing rules governing the trading of equity securities.

²⁶ See id. at 39141-42.

²⁷ See id. at 39141. 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. See id. at 39141, n.28.

²⁸ See id. at 39141.

- (7) 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 procedures for purchases and redemptions of Shares in Baskets (including noting that Shares are not individually redeemable); (2) 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; (3) how information regarding the IIV is disseminated; (4) the requirement that ETP Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; (5) the possibility that trading spreads and the resulting premium or discount on the Shares may widen as a result of reduced liquidity of gold trading during the Core and Late Trading Sessions after the close of the major world gold markets; and (6) trading information.²⁹
- (8) All statements and representations made in this filing regarding (a) the description of the portfolio, (b) limitations on portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in this rule filing shall constitute continued listing requirements for listing the Shares on the Exchange.³⁰
- (9) The issuer has represented to the Exchange that it will advise the Exchange of any failure by the Trust 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 Trust is not

²⁹ See id. at 39142.

³⁰ See id. See also NYSE Arca Rule 8.201-E(e)(2)(vii).

in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under NYSE Arca Rule 5.5-E(m).³¹

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

For the foregoing reasons, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with Sections 6(b)(5) and 11A(a)(1)(C)(iii) of the Act³² and the rules and regulations thereunder applicable to a national securities exchange.

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

Interested persons are invited to submit written data, views, and arguments concerning Amendment No. 1 to the proposed rule change. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSEArca-2018-55 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-NYSEArca-2018-55. 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

³¹ See Notice, *supra* note 3, at 39142.

³² 15 U.S.C. 78f(b)(5) and 15 U.S.C. 78k-1(a)(1)(C)(iii), respectively.

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 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-2018-55 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

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

The Commission finds good cause to approve the proposed rule change, as modified by Amendment No. 1, prior to the 30th day after the date of publication of notice of Amendment No. 1 in the Federal Register. Amendment No. 1 supplements the proposal by providing additional information regarding regulation of the gold futures market. This information assisted the Commission in evaluating the Shares' susceptibility to manipulation. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Exchange Act,³³ to approve the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

³³ 15 U.S.C. 78s(b)(2).

VI. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Exchange Act,³⁴ that the proposed rule change (SR- NYSEArca-2018-55), as modified by Amendment No. 1 be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁵

Eduardo A. Aleman
Assistant Secretary

³⁴ 15 U.S.C. 78s(b)(2).

³⁵ 17 CFR 200.30-3(a)(12).