This document is scheduled to be published in the
Federal Register on 02/07/2014 and available online at
http://federalregister.gov/a/2014-02620, and on FDsys.gov

8011-01p
SECURITIES AND EXCHANGE COMMISSION
[Release No. 34-71468; File No. SR-NYSEARCA-2014-11]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change to List and Trade Shares of the SPDR SSgA Risk Aware ETF; SPDR SSgA Large Cap Risk Aware ETF; and SPDR SSgA Small Cap Risk Aware ETF under NYSE Arca Equities Rule 8.600
February 3, 2014.

Pursuant to Section 19(b)(1)[1] of the Securities Exchange Act of 1934 (the "Act")[2] and Rule 19b-4 thereunder,[3] notice is hereby given that, on January 24, 2014, NYSE Arca, Inc. (the "Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to list and trade shares of the following under NYSE Arca Equities Rule 8.600 ("Managed Fund Shares"): SPDR SSgA Risk Aware ETF; SPDR SSgA Large Cap Risk Aware ETF; and SPDR SSgA Small Cap Risk Aware ETF. The text of the proposed rule change is available on the Exchange's website at www.nyse.com, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization included statements

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

2 15 U.S.C. 78a.

3 17 CFR 240.19b-4.

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.

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

1. Purpose

The Exchange proposes to list and trade shares ("Shares") of SPDR SSgA Risk Aware ETF; SPDR SSgA Large Cap Risk Aware ETF; and SPDR SSgA Small Cap Risk Aware ETF (each, a "Fund" and, collectively, the "Funds") under NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares[4] on the Exchange.[5] The Shares will be offered by SSgA Active ETF Trust (the "Trust"), which is organized as a Massachusetts business trust and is registered with the Securities and Exchange Commission (the "Commission") as an

[4] A Managed Fund Share is a security that represents an interest in an investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1) ("1940 Act") organized as an open-end investment company or similar entity that invests in a portfolio of securities selected by its investment adviser consistent with its investment objectives and policies. In contrast, an open-end investment company that issues Investment Company Units, listed and traded on the Exchange under NYSE Arca Equities Rule 5.2(j)(3), seeks to provide investment results that correspond generally to the price and yield performance of a specific foreign or domestic stock index, fixed income securities index or combination thereof.

[5] The Commission has previously approved listing and trading on the Exchange of a number of actively managed funds under Rule 8.600. See, e.g., Securities Exchange Act Release Nos. 57801 (May 8, 2008), 73 FR 27878 (May 14, 2008) (SR-NYSEArca-2008-31) (order approving Exchange listing and trading of twelve actively-managed funds of the WisdomTree Trust); 62502 (July 15, 2010), 63076 (October 12, 2010), 75 FR 63874 (October 18, 2010) (SR-NYSEArca-2010-79) (order approving listing of Cambria Global Tactical ETF); 66343 (February 7, 2012), 77 FR 7647 (February 13, 2012) (SR-NYSEArca-2011-85) (order approving listing of five funds of the SSgA Active ETF Trust); and 70342 (September 6, 2013), 78 FR 56256 (September 12, 2013) (SR-NYSEArca-2013-71) (order approving listing of the SPDR SSgA Ultra Short Term Bond ETF; SPDR SSgA Conservative Ultra Short Term Bond ETF; and SPDR SSgA Aggressive Ultra Short Term Bond ETF).

open-end management investment company.[6] SSgA Funds Management, Inc. (the "Adviser") will serve as the investment adviser to the Funds. State Street Global Markets, LLC (the "Distributor" or "Principal Underwriter") will be the principal underwriter and distributor of the Funds' Shares. State Street Bank and Trust Company (the "Administrator," "Custodian" or "Transfer Agent") will serve as administrator, custodian and transfer agent for the Funds.

Commentary .06 to Rule 8.600 provides that, if the investment adviser to the investment company issuing Managed Fund Shares is affiliated with a broker-dealer, such investment adviser shall erect a "fire wall" between the investment adviser and the broker-dealer with respect to access to information concerning the composition and/or changes to such investment company portfolio.[7] In addition, Commentary .06 further requires that personnel who make

---

[6] The Trust is registered under the 1940 Act. On December 14, 2012, the Trust filed with the Commission an amendment to its registration statement on Form N-1A under the Securities Act of 1933 (15 U.S.C. 77a) ("Securities Act"), and under the 1940 Act relating to the Funds (File Nos. 333-173276 and 811-22542) ("Registration Statement"). The description of the operation of the Trust and the Funds herein is based, in part, on the Registration Statement. In addition, the Commission has issued an order granting certain exemptive relief to the Trust under the1940 Act. See Investment Company Act Release No. 29524 (December 13, 2010) (File No. 812-13487) ("Exemptive Order").

[7] An investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 (the "Advisers Act"). As a result, the Adviser and its related personnel are subject to the provisions of Rule 204A-1 under the Advisers Act relating to codes of ethics. This Rule requires investment advisers to adopt a code of ethics that reflects the fiduciary nature of the relationship to clients as well as compliance with other applicable securities laws. Accordingly, procedures designed to prevent the communication and misuse of non-public information by an investment adviser must be consistent with Rule 204A-1 under the Advisers Act. In addition, Rule 206(4)-7 under the Advisers Act makes it unlawful for an investment adviser to provide investment advice to clients unless such investment adviser has (i) adopted and implemented written policies and procedures reasonably designed to prevent violation, by the investment adviser and its supervised persons, of the Advisers Act and the Commission rules adopted thereunder; (ii) implemented, at a minimum, an annual review regarding the adequacy of the policies and procedures established pursuant to subparagraph (i) above and the effectiveness of their implementation; and (iii) designated an individual (who is a supervised person) responsible for administering the policies and procedures adopted under subparagraph (i) above.

decisions on the open-end fund's portfolio composition must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the open-end fund's portfolio. The Adviser is not registered as a broker-dealer but is affiliated with a broker-dealer and has implemented a "fire wall" with respect to such broker-dealer regarding access to information concerning the composition and/or changes to the Funds' portfolios. In the event (a) the Adviser or any sub-adviser becomes, or becomes newly affiliated with, a broker-dealer, or (b) any new adviser or sub-adviser is, or becomes affiliated with, a broker-dealer, it will implement a fire wall with respect to its relevant personnel or broker-dealer affiliate regarding access to information concerning the composition and/or changes to a portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio.

The Funds are intended to be managed in a "master-feeder" structure, under which each Fund will invest substantially all of its assets in a corresponding portfolio (each, a "Portfolio") (i.e. a "master fund"), which is a separate mutual fund registered under the 1940 Act that has an identical investment objective. As a result, each Fund (i.e., a "feeder fund") will have an indirect interest in all of the securities and other assets owned by each corresponding Portfolio. Because of this indirect interest, each Fund's investment returns should be the same as those of the corresponding Portfolio, adjusted for the expenses of the Fund. In extraordinary instances, each Fund reserves the right to make direct investments in securities.

The Adviser will manage the investments of each respective Portfolio. Under the master-feeder arrangement, investment advisory fees charged at the master-fund level are deducted from the advisory fees charged at the feeder-fund level. This arrangement avoids a "layering" of fees, e.g., a Fund's total annual operating expenses would be no higher as a result of investing in a master-feeder arrangement than they would be if the Fund pursued its investment objectives directly. Each Fund may discontinue investing through the master-feeder arrangement and pursue its investment objectives directly if the Fund's Board of Trustees determines that doing so would be in the best interests of shareholders.

The Funds will not be index Funds. The Funds will be actively managed and will not seek to replicate the performance of a specified index.

<u>SPDR SSgA Risk Aware ETF</u>

According to the Registration Statement, the SPDR SSgA Risk Aware ETF will seek to provide competitive returns compared to the broad U.S. equity market and capital appreciation.

According to the Registration Statement, under normal circumstances,[8] the Fund will invest all of its assets in the SSgA Risk Aware Portfolio (the "Risk Aware Portfolio"), a separate series of the SSgA Master Trust with an identical investment objective as the Fund. As a result, the Fund will invest indirectly through the Risk Aware Portfolio.

According to the Registration Statement, in seeking its objective, the Risk Aware Portfolio will invest in a diversified selection of equity securities included in the Russell 3000 Index that the Adviser believes are aligned with predicted investor risk preferences.[9] The Russell 3000 Index measures the performance of the largest 3,000 U.S. companies, including business development companies, representing approximately 98% of the investable U.S. equity

---

8 The term "under normal circumstances" includes, but is not limited to, the absence of extreme volatility or trading halts in the equity markets or the financial markets generally; operational issues causing dissemination of inaccurate market information; or force majeure type events such as systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.

9 The Portfolios will invest only in equity securities that trade in markets that are members of the Intermarket Surveillance Group ("ISG") or are parties to a comprehensive surveillance sharing agreement with the Exchange.

market. The Russell 3000 Index is constructed to provide a comprehensive, unbiased, and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are reflected. As of September 30, 2013, the Russell 3000 Index was comprised of 2,965 stocks.

According to the Registration Statement, in selecting securities for the Risk Aware Portfolio, the Adviser will utilize a proprietary quantitative investment process to measure and predict investor risk preferences. This investment process recognizes that the attributes that render a particular security “risky” or “safe” from an investor’s perspective will change over time. The process therefore will begin with a broad set of plausible dimensions of risk, or factors that may be viewed by investors as contributing to a security’s risk level at any given time. This set will include, among many other items, market beta, liquidity, and exposure to certain commodities, leading economic indicators, currency, credit risk, and performance differences between cyclical and defensive sectors. The Adviser will then use a sequence of procedures to develop a subset of attributes representing those it believes to be relevant to investors at a given time. This subset will help form the Adviser’s forecast for aggregate risk appetite and assist the Adviser in generating the groups of securities likely to benefit the most and least in light of that forecast. Different predictions of risk appetite may result in portfolios that are more defensive or risk-seeking, based on what the market considers safe and/or risky at a given time. For example, during periods of anticipated investor preference for low risk, the Adviser will adjust the Risk Aware Portfolio’s composition to be defensive and may increase exposure to large cap companies. On the other hand, during periods of anticipated investor preference for high risk, the Adviser will adjust the Risk Aware Portfolio’s composition to be risk-seeking and may increase exposure to small cap companies. Similarly, exposures to value, growth, quality and other themes will vary depending on how they align with investor risk appetite at a given time. In periods of anticipated investor preference for moderate risk, the Risk Aware Portfolio's composition will more closely reflect the weighted composition of the Russell 3000 Index. The Adviser believes the ebbing and flowing of risk preferences give this strategy the potential to provide competitive returns relative to the Russell 3000 Index over the long term. The Risk Aware Portfolio will be non-diversified for purposes of the 1940 Act, and as a result may invest a greater percentage of its assets in a particular issuer than a diversified fund. However, it is expected that the Risk Aware Portfolio will have exposure to a diversified mix of equity securities.

SPDR SSgA Large Cap Risk Aware ETF

According to the Registration Statement, the SPDR SSgA Large Cap Risk Aware ETF will seek to provide competitive returns compared to the large cap U.S. equity market and capital appreciation.

According to the Registration Statement, under normal circumstances,[10] the Fund will invest all of its assets in the SSgA Large Cap Risk Aware Portfolio (the "Large Cap Portfolio"), a separate series of the SSgA Master Trust with an identical investment objective as the Fund. As a result, the Fund will invest indirectly through the Large Cap Portfolio.

According to the Registration Statement, in seeking its objective, the Large Cap Portfolio will invest in a diversified selection of equity securities included in the Russell 1000 Index that the Adviser believes are aligned with predicted investor risk preferences.[11] The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 1,000 of the largest securities,

10 See supra note 8.

11 See supra note 9.

which may include business development companies, based on a combination of their market cap and current index membership. The Russell 1000 Index represents approximately 92% of the U.S. market. The Russell 1000 Index is constructed to provide a comprehensive and unbiased barometer for the large-cap segment and is completely reconstituted annually to ensure new and growing equities are reflected. As of September 30, 2013, the Russell 1000 Index was comprised of 1,003 stocks.

According to the Registration Statement, under normal circumstances, the Large Cap Portfolio will invest at least 80% of its net assets (plus the amount of borrowings for investment purposes) in securities of large-cap companies. The Large Cap Portfolio considers large-cap companies to be companies with market capitalizations falling within the range of the Russell 1000 Index at the time of initial purchase. In selecting securities for the Large Cap Portfolio, the Adviser will utilize a proprietary quantitative investment process to measure and predict investor risk preferences. This investment process recognizes that the attributes that render a particular security “risky” or “safe” from an investor’s perspective will change over time. The process therefore will begin with a broad set of plausible dimensions of risk, or factors that may be viewed by investors as contributing to a security’s risk level at any given time. This set includes, among many other items, market beta, liquidity, and exposure to certain commodities, leading economic indicators, currency, credit risk, and performance differences between cyclical and defensive sectors. The Adviser then will use a sequence of procedures to develop a subset of attributes representing those it believes to be relevant to investors at a given time. This subset will help form the Adviser’s forecast for aggregate risk appetite and assist the Adviser in generating the groups of securities likely to benefit the most and least in light of that forecast. Different predictions of risk appetite may result in portfolios that are more defensive or risk-seeking, based on what the market considers safe and/or risky at a given time. For example, during periods of anticipated investor preference for low risk, the Adviser will adjust the Large Cap Portfolio's composition to be defensive. On the other hand, during periods of anticipated investor preference for high risk, the Adviser will adjust the Large Cap Portfolio's composition to be risk-seeking. Similarly, exposures to value, growth, quality and other themes will vary depending on how they align with investor risk appetite at a given time. In periods of anticipated investor preference for moderate risk, the Large Cap Portfolio's composition will more closely reflect the weighted composition of the Russell 1000 Index. The Adviser believes the ebbing and flowing of risk preferences give this strategy the potential to provide competitive returns relative to the Russell 1000 Index over the long term. The Large Cap Portfolio will be non-diversified for purposes of the 1940 Act, and as a result may invest a greater percentage of its assets in a particular issuer than a diversified fund. However, it is expected that the Large Cap Portfolio will have exposure to a diversified mix of equity securities.

SPDR SSgA Small Cap Risk Aware ETF

According to the Registration Statement, the SPDR SSgA Small Cap Risk Aware ETF will seek to provide competitive returns compared to the small cap U.S. equity market and capital appreciation.

According to the Registration Statement, under normal circumstances,[12] the Fund will invest all of its assets in the SSgA Small Cap Risk Aware Portfolio (the "Small Cap Portfolio"), a separate series of the SSgA Master Trust with an identical investment objective as the Fund. As a result, the Fund will invest indirectly through the Small Cap Portfolio.

[12] See supra note 8.

According to the Registration Statement, in seeking its objective, the Small Cap Portfolio will invest in a diversified selection of equity securities included in the Russell 2000 Index that the Adviser believes are aligned with predicted investor risk preferences.[13] The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity market. The Russell 2000 Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of the Russell 3000® Index. The Russell 2000 Index includes approximately 2000 of the smallest securities, including business development companies, based on a combination of their market cap and current index membership. The Russell 2000 Index is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set. As of September 30, 2013, the Russell 2000 Index was comprised of 1,962 securities.

According to the Registration Statement, under normal circumstances, the Small Cap Portfolio will invest at least 80% of its net assets (plus the amount of borrowings for investment purposes) in securities of small-cap companies. The Small Cap Portfolio considers small-cap companies to be companies with market capitalizations falling within the range of the Russell 2000 Index at the time of initial purchase. In selecting securities for the Small Cap Portfolio, the Adviser will utilize a proprietary quantitative investment process to measure and predict investor risk preferences. This investment process recognizes that the attributes that render a particular security "risky" or "safe" from an investor's perspective will change over time. The process therefore will begin with a broad set of plausible dimensions of risk, or factors that may be viewed by investors as contributing to a security's risk level at any given time. This set will

---

[13] See supra note 9.

include, among many other items, market beta, liquidity, and exposure to certain commodities, leading economic indicators, currency, credit risk, and performance differences between cyclical and defensive sectors. The Adviser then will use a sequence of procedures to develop a subset of attributes representing those it believes to be relevant to investors at a given time. This subset will help form the Adviser's forecast for aggregate risk appetite and assist the Adviser in generating the groups of securities likely to benefit the most and least in light of that forecast. Different predictions of risk appetite may result in portfolios that are more defensive or risk-seeking, based on what the market considers safe and/or risky at a given time. For example, during periods of anticipated investor preference for low risk, the Adviser will adjust the Small Cap Portfolio's composition to be defensive. On the other hand, during periods of anticipated investor preference for high risk, the Adviser will adjust the Small Cap Portfolio's composition to be risk-seeking. Similarly, exposures to value, growth, quality and other themes will vary depending on how they align with investor risk appetite at a given time. In periods of anticipated investor preference for moderate risk, the Small Cap Portfolio's composition will more closely reflect the weighted composition of the Russell 2000 Index. The Adviser believes the ebbing and flowing of risk preferences give this strategy the potential to provide competitive returns relative to the Russell 2000 Index over the long term. The Small Cap Portfolio will be non-diversified for purposes of the 1940 Act, and as a result may invest a greater percentage of its assets in a particular issuer than a diversified fund. However, it is expected that the Small Cap Portfolio will have exposure to a diversified mix of equity securities.

<u>Other Investments</u>

While, under normal circumstances, the Adviser, with respect to each Portfolio, will invest at least 80% of such Portfolio's net assets in equity securities, as described above, the

Adviser may invest up to 20% of a Portfolio's net assets in other securities and financial instruments, as described below.

According to the Registration Statement, each Fund may (either indirectly through its investments in the corresponding Portfolio or, in the absence of normal circumstances,[14] directly) invest in the following types of investments. The investment practices of the Portfolios are the same in all material respects to those of the Funds.

According to the Registration Statement, in the absence of normal circumstances, a Fund may (either directly or through the corresponding Portfolio) temporarily depart from its normal investment policies and strategies provided that the alternative is consistent with the Fund's investment objective and is in the best interest of the Fund. For example, a Fund may hold a higher than normal proportion of its assets in cash in times of extreme market stress.

According to the Registration Statement, each Portfolio may invest in short term instruments, including money market instruments (including money market funds advised by the Adviser), cash and cash equivalents on an ongoing basis to provide liquidity or for other reasons. Money market instruments are generally short-term investments that may include but are not limited to: (i) Shares of money market funds (including those advised by the Adviser); (ii) obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities (including government-sponsored enterprises); (iii) negotiable certificates of deposit ("CDs"), bankers' acceptances, fixed time deposits and other obligations of U.S. and foreign banks (including foreign branches) and similar institutions; (iv) commercial paper rated at the date of purchase "Prime-1" by Moody's Investor's Service or "A-1" by Standard & Poor's, or if unrated, of comparable quality as determined by the Adviser; (v) non-convertible corporate debt

---

[14] See supra note 8.

securities (e.g., bonds and debentures) with remaining maturities at the date of purchase of not more than 397 days and that satisfy the rating requirements set forth in Rule 2a-7 under the 1940 Act; and (vi) short-term U.S. dollar-denominated obligations of foreign banks (including U.S. branches) that, in the opinion of the Adviser, are of comparable quality to obligations of U.S. banks which may be purchased by a Portfolio. Commercial paper consists of short-term, promissory notes issued by banks, corporations and other entities to finance short-term credit needs. Any of these instruments may be purchased on a current or a forward-settled basis.

According to the Registration Statement, each Portfolio may invest in repurchase agreements with commercial banks, brokers or dealers to generate income from its excess cash balances and to invest securities lending cash collateral. A repurchase agreement is an agreement under which a fund acquires a financial instrument (e.g., a security issued by the U.S. Government or an agency thereof, a banker's acceptance or a certificate of deposit) from a seller, subject to resale to the seller at an agreed upon price and date (normally, the next business day).

According to the Registration Statement, each Portfolio may invest in convertible securities. Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted or exchanged (by the holder or by the issuer) into shares of the underlying common stock (or cash or securities of equivalent value) at a stated exchange ratio. A convertible security may also be called for redemption or conversion by the issuer after a particular date and under certain circumstances (including a specified price) established upon issue.

According to the Registration Statement, each Portfolio may invest in U.S. Government obligations. U.S. Government obligations are a type of bond. U.S. Government obligations include securities issued or guaranteed as to principal and interest by the U.S. Government, its agencies or instrumentalities.

According to the Registration Statement, each Portfolio may invest in U.S. agency mortgage pass-through securities. The term "U.S. agency mortgage pass-through security" refers to a category of pass-through securities backed by pools of mortgages and issued by one of several U.S. Government-sponsored enterprises: the Government National Mortgage Association ("Ginnie Mae"), Federal National Mortgage Association ("Fannie Mae"), or Federal Home Loan Mortgage Corporation ("Freddie Mac").

According to the Registration Statement, the Portfolios will seek to obtain exposure to U.S. agency mortgage pass-through securities primarily through the use of "to-be-announced" or "TBA transactions." "TBA" refers to a commonly used mechanism for the forward settlement of U.S. agency mortgage pass-through securities, and not to a separate type of mortgage-backed security. Most transactions in mortgage pass-through securities occur through the use of TBA transactions.[15]

According to the Registration Statement, each Portfolio may purchase U.S. exchange-listed common stocks and U.S. exchange-listed preferred securities of foreign corporations. Investments in common stock of foreign corporations may also be in the form of American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs") and European Depositary Receipts ("EDRs") (collectively "Depositary Receipts"). A Portfolio may invest in unsponsored Depositary Receipts.

---

[15] According to the Registration Statement, to minimize the risk of default by a counterparty, a Portfolio will enter into TBA transactions only with established counterparties (such as major broker-dealers) and the Adviser will monitor the creditworthiness of such counterparties.

According to the Registration Statement, each Portfolio may invest in bonds, including corporate bonds as well as U.S. registered, dollar-denominated bonds of foreign corporations, governments, agencies and supra-national entities. Each Portfolio may invest up to 10% of its net assets in high yield debt securities.

According to the Registration Statement, the Portfolios may invest in inflation-protected public obligations, commonly known as "TIPS," of the U.S. Treasury, as well as TIPS of major governments and emerging market countries, excluding the United States. TIPS are a type of security issued by a government that are designed to provide inflation protection to investors.

According to the Registration Statement, each Portfolio may invest in variable and floating rate securities.[16] Variable rate securities are instruments issued or guaranteed by entities such as (1) the U.S. government or an agency or instrumentality thereof, (2) corporations, (3) financial institutions, (4) insurance companies, or (5) trusts that have a rate of interest subject to adjustment at regular intervals but less frequently than annually.

According to the Registration Statement, each Portfolio may invest in Variable Rate Demand Obligations ("VRDOs"). VRDOs are short-term tax exempt fixed income instruments whose yield is reset on a periodic basis. VRDO securities tend to be issued with long maturities of up to 30 or 40 years; however, they are considered short-term instruments because they include a put feature which coincides with the periodic yield reset.

According to the Registration Statement, each Portfolio may invest in restricted securities. Restricted securities are securities that are not registered under the Securities Act, but

---

16 A variable rate security provides for the automatic establishment of a new interest rate on set dates. A floating rate security provides for the automatic adjustment of its interest rate whenever a specified interest rate changes. Interest rates on these securities are ordinarily tied to, and are a percentage of, a widely recognized interest rate, such as the yield on 90-day US Treasury bills or the prime rate of a specified bank.

which can be offered and sold to "qualified institutional buyers" under Rule 144A under the Securities Act.[17]

According to the Registration Statement, each Portfolio may conduct foreign currency transactions on a spot (i.e., cash) or forward basis (i.e., by entering into forward contracts to purchase or sell foreign currencies). At the discretion of the Adviser, the Portfolios may enter into forward currency exchange contracts for hedging purposes to help reduce the risks and volatility caused by changes in foreign currency exchange rates, or to gain exposure to certain currencies.

According to the Registration Statement, each Portfolio may invest in the securities of other investment companies, including affiliated funds, money market funds and closed-end funds, subject to applicable limitations under Section 12(d)(1) of the 1940 Act. According to the Registration Statement, each Portfolio may invest in exchange-traded products ("ETPs").[18]

---

[17] According to the Registration Statement, when Rule 144A restricted securities present an attractive investment opportunity and meet other selection criteria, a Portfolio may make such investments whether or not such securities are "illiquid" depending on the market that exists for the particular security. The Board has delegated the responsibility for determining the liquidity of Rule 144A restricted securities that a Portfolio may invest in to the Adviser. See note 26, infra.

[18] For each of the Portfolios, ETPs include Investment Company Units (as described in NYSE Arca Equities Rule 5.2(j)(3)); Index-Linked Securities (as described in NYSE Arca Equities Rule 5.2(j)(6)); Portfolio Depositary Receipts (as described in NYSE Arca Equities Rule 8.100); Trust Issued Receipts (as described in NYSE Arca Equities Rule 8.200); Commodity-Based Trust Shares (as described in NYSE Arca Equities Rule 8.201); Currency Trust Shares (as described in NYSE Arca Equities Rule 8.202); Commodity Index Trust Shares (as described in NYSE Arca Equities Rule 8.203); Trust Units (as described in NYSE Arca Equities Rule 8.500); Managed Fund Shares (as described in NYSE Arca Equities Rule 8.600), and closed-end funds. The ETPs all will be listed and traded in the U.S. on registered exchanges. While a Fund may invest in inverse ETPs, a Fund will not invest in leveraged or inverse leveraged ETPs (e.g., 2X or 3X).

ETPs include exchange-traded funds registered under the 1940 Act; exchange traded commodity trusts; and exchange traded notes ("ETNs").[19]

According to the Registration Statement, the Adviser may invest up to 20% of its total assets in one or more ETPs that are qualified publicly traded partnerships ("QPTPs") and whose principal activities are the buying and selling of commodities or options, futures, or forwards with respect to commodities.[20] A QPTP is an entity that is treated as a partnership for federal income tax purposes, subject to certain requirements. Income from QPTPs is generally qualifying income for purposes of Subchapter M of the Internal Revenue Code.[21]

According to the Registration Statement, the Portfolios may invest in real estate investment trusts ("REITs").

According to the Registration Statement, each Portfolio may enter into reverse repurchase agreements.

Neither the Funds nor the Portfolios will invest in options contracts, futures contracts, or swap agreements.

The Funds' investments will be consistent with the Funds' investment objectives and will not be used to enhance leverage.

---

19 ETNs are debt obligations of investment banks which are traded on exchanges and the returns of which are linked to the performance of market indexes. In addition to trading ETNs on exchanges, investors may redeem ETNs directly with the issuer on a weekly basis, typically in a minimum amount of 50,000 units, or hold the ETNs until maturity.

20 Examples of such entities are the PowerShares DB Energy Fund, PowerShares DB Oil Fund, PowerShares DB Precious Metals Fund, PowerShares DB Gold Fund, PowerShares DB Silver Fund, PowerShares DB Base Metals Fund, and PowerShares DB Agriculture Fund, which are listed and traded on the Exchange pursuant to NYSE Arca Equities Rule 8.200.

21 26 U.S.C. 851 et seq.

According to the Registration Statement, each Fund is classified as "non-diversified." [22]

According to the Registration Statement, the Funds do not intend to concentrate their investments in any particular industry.[23]

According to the Registration Statement, the Funds intend to qualify for and to elect treatment as a separate regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code.[24]

Each Portfolio may hold up to an aggregate amount of 15% of its net assets in illiquid securities (calculated at the time of investment), including Rule 144A securities deemed illiquid by the Adviser.[25] Each Portfolio will monitor its portfolio liquidity on an ongoing basis to determine whether, in light of current circumstances, an adequate level of liquidity is being maintained, and will consider taking appropriate steps in order to maintain adequate liquidity if, through a change in values, net assets, or other circumstances, more than 15% of a Fund's net assets are held in illiquid securities. Illiquid securities include securities subject to contractual or

---

22 According to the Registration Statement, each Fund will be "non-diversified" under the 1940 Act and may invest more of its assets in fewer issuers than "diversified" funds. The diversification standard is set forth in Section 5(b)(1) of the 1940 Act (15 U.S.C. 80a-5(b)(1)).

23 See Form N-1A, Item 9. The Commission has taken the position that a fund is concentrated if it invests more than 25% of the value of its total assets in any one industry. See, e.g., Investment Company Act Release No. 9011 (October 30, 1975), 40 FR 54241 (November 21, 1975).

24 26 U.S.C. 851 et seq.

25 In reaching liquidity decisions, the Adviser may consider the following factors: the frequency of trades and quotes for the security; the number of dealers wishing to purchase or sell the security and the number of other potential purchasers; dealer undertakings to make a market in the security; and the nature of the security and the nature of the marketplace in which it trades (*e.g.*, the time needed to dispose of the security, the method of soliciting offers, and the mechanics of transfer).

other restrictions on resale and other instruments that lack readily available markets as determined in accordance with Commission staff guidance. [26]

Net Asset Value

According to the Registration Statement, each Fund will calculate net asset value ("NAV") using the NAV of the respective Portfolio. NAV per Share for each Portfolio will be computed by dividing the value of the net assets of the Portfolio (i.e., the value of its total assets less total liabilities) by the total number of Shares outstanding, rounded to the nearest cent. Expenses and fees, including the management fees, will be accrued daily and taken into account for purposes of determining NAV. The NAV of a Portfolio will be calculated by the Custodian and determined at the close of the regular trading session on the New York Stock Exchange (ordinarily 4:00 p.m. Eastern time ("E.T.")) on each day that such exchange is open, provided that assets (and, accordingly, a Portfolio's NAV) may be valued as of the announced closing time for trading in instruments on any day that the applicable exchange or market on which a Portfolio's investments are traded announces an early closing time. Creation/redemption order cut-off times may also be earlier on such days.

---

[26] The Commission has stated that long-standing Commission guidelines have required open-end funds to hold no more than 15% of their net assets in illiquid securities and other illiquid assets. See Investment Company Act Release No. 28193 (March 11, 2008), 73 FR 14618 (March 18, 2008), footnote 34. See also, Investment Company Act Release No. 5847 (October 21, 1969), 35 FR 19989 (December 31, 1970) (Statement Regarding "Restricted Securities"); Investment Company Act Release No. 18612 (March 12, 1992), 57 FR 9828 (March 20, 1992) (Revisions of Guidelines to Form N-1A). A fund's portfolio security is illiquid if it cannot be disposed of in the ordinary course of business within seven days at approximately the value ascribed to it by the fund. See Investment Company Act Release No. 14983 (March 12, 1986), 51 FR 9773 (March 21, 1986) (adopting amendments to Rule 2a-7 under the 1940 Act); Investment Company Act Release No. 17452 (April 23, 1990), 55 FR 17933 (April 30, 1990) (adopting Rule 144A under the 1933 Act).

According to the Adviser, each Portfolio's investments will be valued at market value or, in the absence of market value with respect to any investment, at fair value in accordance with valuation procedures adopted by the Board of Trustees of the SSgA Master Trust and the Board of Trustees of the SSgA Active ETF Trust[27] (the "Board") and in accordance with the 1940 Act. Common stocks and equity securities (including shares of REITs and ETPs, such as QPTPs) traded on a recognized domestic securities exchange will be valued at the last reported sale price or the official closing price on that exchange where the stock is primarily traded on the day that the valuation is made. Portfolio securities traded in the over-the-counter market will be valued at the last reported sale price on the valuation date. Foreign equities and listed ADRs will be valued at the last sale or official closing price on the relevant exchange on the valuation date. If, however, neither the last sales price nor the official closing price is available, each of these securities will be valued at either the last reported sale price or official closing price as of the close of regular trading of the principal market on which the security is listed consistent with the respective primary benchmark.

According to the Adviser, fixed income securities, including mortgage-backed securities, treasuries, and corporate bonds will generally be valued at bid prices received from independent pricing services as of the announced closing time for trading in fixed-income instruments in the respective market or exchange. In determining the value of a fixed income investment, pricing services determine valuations for normal institutional-size trading units of such securities using valuation models or matrix pricing, which incorporates yield and/or price with respect to bonds that are considered comparable in characteristics such as rating, interest rate and maturity date and quotations from securities dealers to determine current value. Short-term investments that

27 The Board of Trustees of the SSgA Master Trust and the Board of Trustees of the SSgA Active ETF Trust have adopted the same valuation procedures.

mature in less than 60 days when purchased will be valued at cost adjusted for amortization of premiums and accretion of discounts.

Any assets or liabilities denominated in currencies other than the U.S. dollar will be converted into U.S. dollars at the current market rates on the date of valuation as quoted by one or more sources. Forward foreign currency contracts will be valued based upon the difference in the forward exchange rates at the dates of entry into the contracts and the forward rates as of the current valuation date as quoted by one or more independent sources.

If a security's market price is not readily available or does not otherwise accurately reflect the fair value of the security, the security will be valued by another method that the Board believes will better reflect fair value in accordance with the Trust's valuation policies and procedures and in accordance with the 1940 Act. The Board has delegated the process of valuing securities for which market quotations are not readily available or do not otherwise accurately reflect the fair value of the security to the Pricing and Investment Committee (the "Committee").[28] The Committee, subject to oversight by the Board, may use fair value pricing in a variety of circumstances, including but not limited to, situations when trading in a security has been suspended or halted. Accordingly, a Portfolio's NAV may reflect certain securities' fair values rather than their market prices. Fair value pricing involves subjective judgments and it is possible that the fair value determination for a security is materially different than the value that could be received on the sale of the security.

The pre-established pricing methods and valuation policies and procedures outlined above may change, subject to the review and approval of the Committee and Board, as necessary.

[28] The Pricing and Investment Committee has implemented procedures designed to prevent the use and dissemination of material, non-public information regarding the Portfolios and the Funds.

The Shares will conform to the initial and continued listing criteria under NYSE Arca Equities Rule 8.600. The Exchange represents that, for initial and/or continued listing, the Funds will be in compliance with Rule 10A-3[29] under the Exchange Act, as provided by NYSE Arca Equities Rule 5.3. A minimum of 100,000 Shares for each Fund will be outstanding at the commencement of trading on the Exchange. The Exchange will obtain a representation from the issuer of the Shares that the NAV per Share of each Fund will be calculated daily and that the NAV and the Disclosed Portfolio of each Fund will be made available to all market participants at the same time.

Creation and Redemption of Shares

According to the Registration Statement, each Fund will offer and issue Shares only in aggregations of a specified number of Shares (each, a "Creation Unit"). Creation Unit sizes will be 50,000 Shares per Creation Unit. The Creation Unit size for a Fund may change. Each Fund will issue and redeem Shares only in Creation Units at the NAV next determined after receipt of an order on a continuous basis on a Business Day. The NAV of a Fund will be determined once each Business Day, normally as of the close of trading on the New York Stock Exchange (normally, 4:00 p.m., E.T.). An order to purchase or redeem Creation Units will be deemed to be received on the Business Day on which the order is placed provided that the order is placed in proper form prior to the applicable cut-off time (typically required by 2:00 p.m. E.T.). A "Business Day" with respect to a Fund will be, generally, any day on which the New York Stock Exchange is open for business.

The consideration for purchase of a Creation Unit of a Fund will generally consist of the in-kind deposit of a designated portfolio of securities (the "Deposit Securities") per each

[29] 17 CFR 240.10A-3.

Creation Unit and a specified cash payment (the "Cash Component"). However, consideration may consist of the cash value of the Deposit Securities ("Deposit Cash") and the Cash Component.

Together, the Deposit Securities or Deposit Cash, as applicable, and the Cash Component will constitute the "Fund Deposit," which represents the minimum initial and subsequent investment amount for a Creation Unit of any Fund. The "Cash Component" is an amount equal to the difference between the NAV of the Shares (per Creation Unit) and the market value of the Deposit Securities or Deposit Cash, as applicable. The Cash Component serves the function of compensating for any differences between the NAV per Creation Unit and the market value of the Deposit Securities or Deposit Cash, as applicable.

The Custodian, through the National Securities Clearing Corporation ("NSCC") will make available on each Business Day, immediately prior to the opening of business on the Exchange (currently 9:30 a.m., E.T.), the list of the names and the required number of shares of each Deposit Security or the required amount of Deposit Cash, as applicable, to be included in the current Fund Deposit (based on information at the end of the previous Business Day) for a Fund.

The Trust reserves the right to permit or require the substitution of an amount of cash (i.e., a "cash in lieu" amount) to be added to the Cash Component to replace any Deposit Security including, without limitation, situations where the Deposit Security: (i) May not be available in sufficient quantity for delivery, (ii) may not be eligible for transfer through the systems of the Depository Trust Company for corporate securities and municipal securities or the Federal Reserve System for U.S. Treasury securities; (iii) may not be eligible for trading by an authorized participant or the investor for which it is acting; (iv) would be restricted under the securities laws or where the delivery of the Deposit Security to the authorized participant would result in the disposition of the Deposit Security by the authorized participant becoming restricted under the securities laws, or (v) in certain other situations in accordance with the Exemptive Order.[30]

Shares may be redeemed only in Creation Units at their NAV next determined after receipt of a redemption request in proper form by a Fund through the Transfer Agent and only on a Business Day.

With respect to each Fund, the Custodian, through the NSCC, will make available immediately prior to the opening of business on the Exchange (currently 9:30 a.m. E.T.) on each Business Day, the list of the names and share quantities of each Fund's portfolio securities that will be applicable (subject to possible amendment or correction) to redemption requests received in proper form on that day ("Fund Securities").

Redemption proceeds for a Creation Unit will be paid either in-kind or in cash or a combination thereof, as determined by the Trust. With respect to in-kind redemptions of a Fund, redemption proceeds for a Creation Unit will consist of Fund Securities as announced by the Custodian on the Business Day of the request for redemption received in proper form plus cash in an amount equal to the difference between the NAV of the Shares being redeemed, as next determined after a receipt of a request in proper form, and the value of the Fund Securities (the "Cash Redemption Amount"), less a fixed redemption transaction fee and any applicable additional variable charge.

---

[30] To be eligible to be an authorized participant, an entity must (a) enter into a participant agreement and (b) be a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of the National Securities Clearing Corporation or a DTC participant.

The Trust may, in its discretion, exercise its option to redeem Shares in cash, and the redeeming Shareholders will be required to receive their redemption proceeds in cash, as described in the Registration Statement. The investor will receive a cash payment equal to the NAV of its Shares based on the NAV of Shares of the relevant Fund next determined after the redemption request is received in proper form.

Availability of Information

The Funds' website (www.spdrs.com), which will be publicly available prior to the public offering of Shares, will include a form of the prospectus for the Funds that may be downloaded. The Funds' website will include additional quantitative information updated on a daily basis, including, for the Funds, (1) daily trading volume, the prior business day's reported closing price, NAV and mid-point of the bid/ask spread at the time of calculation of such NAV (the "Bid/Ask Price"),[31] and a calculation of the premium and discount of the Bid/Ask Price against the NAV, and (2) data in chart format displaying the frequency distribution of discounts and premiums of the daily Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters. On each business day, before commencement of trading in Shares in the Core Trading Session on the Exchange, the Funds will disclose on their website the Disclosed Portfolio as defined in NYSE Arca Equities Rule 8.600(c)(2) that will form the basis for the Funds' calculation of NAV at the end of the business day.[32]

---

31 The Bid/Ask Price of the Funds will be determined using the mid-point of the highest bid and the lowest offer on the Exchange as of the time of calculation of the Funds' NAV. The records relating to Bid/Ask Prices will be retained by the Funds and their service providers.

32 Under accounting procedures followed by the Funds, trades made on the prior business day ("T") will be booked and reflected in NAV on the current business day ("T+1"). Accordingly, the Funds will be able to disclose at the beginning of the business day the portfolio that will form the basis for the NAV calculation at the end of the business day.

On a daily basis, the Adviser will disclose for each portfolio security and other financial instrument of the Funds and of the Portfolios the following information on the Funds' website: ticker symbol (if applicable), name of security and financial instrument, number of shares or dollar value of financial instruments held in the portfolio, and percentage weighting of the security and financial instrument in the portfolio. The website information will be publicly available at no charge.

In addition, a basket composition file, which includes the security names and share quantities required to be delivered in exchange for a Fund's Shares, together with estimates and actual cash components, will be publicly disseminated daily prior to the opening of the New York Stock Exchange via NSCC. The basket represents one Creation Unit of each Fund.

Investors can also obtain the Trust's Statement of Additional Information ("SAI"), the Funds' Shareholder Reports, and the Trust's Form N-CSR and Form N-SAR, filed twice a year. The Trust's SAI and Shareholder Reports are available free upon request from the Trust, and those documents and the Form N-CSR and Form N-SAR may be viewed on-screen or downloaded from the Commission's website at www.sec.gov. Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services. Information regarding the previous day's closing price and trading volume information for the Shares will be published daily in the financial section of newspapers. Quotation and last sale information for the Shares and underlying U.S. exchange-traded equities, including exchange-traded ETPs, will be available via the Consolidated Tape Association ("CTA") high-speed line and from the national securities exchange on which they are listed. Pricing information regarding each asset class in which the Funds or Portfolios will invest is generally available through nationally recognized data service providers through subscription arrangements. Quotation information from brokers and dealers or pricing services will be available for fixed income securities, including U.S. Government obligations, other money market instruments, repurchase and reverse repurchase agreements, convertible securities, U.S. agency mortgage pass-through securities, unsponsored Depositary Receipts, corporate bonds, TIPS, variable floating rate securities (including VRDOs), and spot and forward currency transactions held by the Funds and Portfolios.

Every fifteen seconds during NYSE Arca Core Trading Session, an indicative optimized portfolio value ("IOPV") relating to each Fund will be disseminated by one or more major market data vendors.[33] The IOPV is the Portfolio Indicative Value as defined in NYSE Arca Equities Rule 8.600 (c)(3).[34] The dissemination of the IOPV, together with the Disclosed Portfolio, will allow investors to determine the value of the underlying portfolio of the Funds and of the Portfolios on a daily basis and to provide a close estimate of that value throughout the trading day. The intra-day, closing and settlement prices of the Portfolio securities and other assets held by the Funds and Portfolios are also readily available from the national securities exchanges trading such securities or other assets, automated quotation systems, published or other public sources, or on-line information services such as Bloomberg or Reuters.

Additional information regarding the Trust and the Shares, including investment strategies, risks, creation and redemption procedures, fees, portfolio holdings disclosure policies,

---

33 The IOPV calculations are estimates of the value of the Funds' NAV per Share using market data converted into U.S. dollars at the current currency rates. The IOPV price is based on quotes and closing prices from the securities' local market and may not reflect events that occur subsequent to the local market's close. Premiums and discounts between the IOPV and the market price may occur. This should not be viewed as a "real-time" update of the NAV per Share of the Funds, which is calculated only once a day.

34 Currently, it is the Exchange's understanding that several major market data vendors display and/or make widely available IOPVs taken from CTA or other data feeds.

distributions and taxes is included in the Registration Statement. All terms relating to the Funds that are referred to, but not defined in, this proposed rule change are defined in the Registration Statement.

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 Funds.[35] Trading in Shares of the Funds will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 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. These may include: (1) The extent to which trading is not occurring in the securities and/or the financial instruments comprising the Disclosed Portfolios of the Funds; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. Trading in the Shares will be subject to NYSE Arca Equities Rule 8.600(d)(2)(D), which sets forth circumstances under which Shares of a Fund may be halted.

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 4:00 a.m. to 8:00 p.m. Eastern Time in accordance with NYSE Arca Equities Rule 7.34 (Opening, 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 Equities Rule 7.6, Commentary .03, the minimum price variation ("MPV") for quoting and entry of orders in equity securities traded on the NYSE Arca

---

35 See NYSE Arca Equities Rule 7.12, Commentary .04.

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.

Surveillance

The Exchange represents that trading in the Shares will be subject to the existing trading 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.[36] The Exchange represents 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 applicable federal securities laws.

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. FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares and underlying equity securities (including, without limitation, sponsored ADRs and ETPs) and other exchange-traded securities with other markets and other entities that are members of ISG and FINRA, on behalf of the Exchange, may obtain trading information regarding trading in the Shares and underlying equity securities (including, without limitation, sponsored ADRs and ETPs) and other exchange-traded securities from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares and underlying equity securities (including, without limitation, sponsored ADRs and ETPs) and other

[36] FINRA surveils trading on the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement.

exchange-traded securities from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.[37]

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

Information Bulletin

Prior to the commencement of trading, the Exchange will inform its Equity Trading Permit Holders in an Information Bulletin ("Bulletin") of the special characteristics and risks associated with trading the Shares. Specifically, the Bulletin will discuss the following: (1) The procedures for purchases and redemptions of Shares in Creation Units (and that Shares are not individually redeemable); (2) NYSE Arca Equities Rule 9.2(a), which imposes a duty of due diligence on its Equity Trading Permit Holders to learn the essential facts relating to every customer prior to trading the Shares; (3) the risks involved in trading the Shares during the Opening and Late Trading Sessions when an updated IOPV will not be calculated or publicly disseminated; (4) how information regarding the IOPV is disseminated; (5) the requirement that Equity Trading Permit Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (6) trading information.

In addition, the Bulletin will reference that the Funds are subject to various fees and expenses described in the Registration Statement. The Bulletin will discuss any exemptive, no-action, and interpretive relief granted by the Commission from any rules under the Exchange Act. The Bulletin will also disclose that the NAV for the Shares will be calculated after 4:00 p.m. Eastern Time each trading day.

---

37 For a list of the current members of ISG, see www.isgportal.org. The Exchange notes that not all components of the Disclosed Portfolios for the Funds may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

2. Statutory Basis

The basis under the Exchange Act for this proposed rule change is the requirement under Section 6(b)(5)[38] 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 Equities Rule 8.600. 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. The Adviser is not registered as a broker-dealer but is affiliated with a broker-dealer and has implemented a "fire wall" with respect to such broker-dealer regarding access to information concerning the composition and/or changes to the Funds' portfolios. In addition, the Trust's Pricing and Investment Committee has implemented procedures designed to prevent the use and dissemination of material, non-public information regarding the Portfolios and the Funds. The Portfolios will invest only in equity securities that trade in markets that are members of the ISG or are parties to a comprehensive surveillance sharing agreement with the Exchange. Neither the Funds nor the Portfolios will invest in options contracts, futures contracts, or swap agreements. While the Funds may invest in inverse ETFs, the Funds will not invest in leveraged or inverse leveraged ETFs (e.g., 2X or 3X). Each Portfolio may hold up to an aggregate amount of 15% of its net assets in illiquid securities

---

38 15 U.S.C. 78f(b)(5).

(calculated at the time of investment), including Rule 144A securities deemed illiquid by the Adviser. FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares and underlying equity securities (including, without limitation, sponsored ADRs and ETPs) and other exchange-traded securities with other markets and other entities that are members of ISG and FINRA, on behalf of the Exchange, may obtain trading information regarding trading in the Shares and underlying equity securities (including, without limitation, sponsored ADRs and ETPs) and other exchange-traded securities from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares and underlying equity securities (including, without limitation, sponsored ADRs and ETPs) and other exchange-traded securities from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that the Exchange will obtain a representation from the issuer of the Shares that the NAV per Share will be calculated daily and that the NAV and the Disclosed Portfolios will be made available to all market participants at the same time. In addition, a large amount of information is publicly available regarding the Funds and the Shares, thereby promoting market transparency. Quotation and last sale information for the Shares and underlying U.S. exchange-traded equities, including exchange-traded ETPs, will be available via the Consolidated Tape Association ("CTA") high-speed line and from the national securities exchange on which they are listed. Quotation information from brokers and dealers or pricing services will be available for fixed income securities, including U.S. Government obligations, other money market instruments, repurchase and reverse repurchase agreements, convertible securities, U.S. agency mortgage pass-through securities, unsponsored Depositary

Receipts, corporate bonds, TIPs, variable floating rate securities (including VRDOs), and spot and forward currency transactions held by the Funds and Portfolios. Pricing information regarding each asset class in which the Funds or Portfolios will invest is generally available through nationally recognized data service providers through subscription arrangements. The Funds' portfolio holdings will be disclosed on their website daily after the close of trading on the Exchange and prior to the opening of trading on the Exchange the following day. Moreover, the IOPV will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Exchange's Core Trading Session. On each business day, before commencement of trading in Shares in the Core Trading Session on the Exchange, the Funds will disclose on their website the Disclosed Portfolio that will form the basis for the Funds' calculation of NAV at the end of the business day. 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, and quotation and last sale information will be available via the CTA high-speed line. The website for the Funds will include a form of the prospectus for the Funds and additional data relating to NAV and other applicable quantitative information. 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 Funds will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable, and trading in the Shares will be subject to NYSE Arca Equities Rule 8.600(d)(2)(D), which sets forth circumstances under which Shares of the Funds may be halted. In addition, as noted above, investors will have ready access to information regarding the Funds' holdings, the IOPV, the Disclosed Portfolio, and quotation and last sale information for the Shares.

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 additional types of actively-managed exchange-traded products 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 relating to trading in the Shares and may obtain information via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement. In addition, as noted above, investors will have ready access to information regarding the Funds' holdings, the IOPV, the Disclosed Portfolio, and quotation and last sale information for the Shares.

B. <u>Self-Regulatory Organization's Statement on Burden on Competition</u>

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act. The Exchange notes that the proposed rule change will facilitate the listing and trading of additional types of actively-managed exchange-traded products that will enhance competition among market participants, to the benefit of investors and the marketplace.

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

No written comments were solicited or received with respect to the proposed rule change.

III. <u>Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action</u>

Within 45 days of the date of publication of this notice in the <u>Federal Register</u> or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove the proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (http://www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSEARCA-2014-11 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-NYSEARCA-2014-11. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (http://www.sec.gov/rules/sro.shtml). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEARCA-2014-11 and should be submitted on or before [INSERT DATE 21 DAYS FROM PUBLICATION IN THE FEDERAL REGISTER].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[39]

Kevin M. O'Neill,
Deputy Secretary.

[FR Doc. 2014-02620 Filed 02/06/2014 at 8:45 am; Publication Date: 02/07/2014]

[39] 17 CFR 200.30-3(a)(12).