



**SECURITIES AND EXCHANGE COMMISSION**  
**[Release No. 34-72385; File No. SR-NYSEArca-2014-41]**

**Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Designation of a Longer Period for Commission Action on Proposed Rule Change, as Modified by Amendment Nos. 1 and 4 Thereto, Relating to Listing and Trading of Shares of the Reality Shares DIVS Index ETF under NYSE Arca Equities Rule 5.2(j)(3)**

June 13, 2014

On April 11, 2014, NYSE Arca, Inc. (“Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to list and trade shares of the Reality Shares DIVS Index ETF (“Fund”) (formerly, Reality Shares Isolated Dividend Growth Index ETF) under NYSE Arca Equities Rule 5.2(j)(3). The proposed rule change was published for comment in the Federal Register on April 30, 2014.<sup>3</sup> On May 6, 2014, the Exchange filed Amendment No. 1 to the proposed rule change, which amended and replaced the proposed rule change in its entirety.<sup>4</sup> On June 6, 2014, the Exchange filed Amendment No. 4 to the proposed rule change.<sup>5</sup> The Commission received no comment letters on the proposed rule change.

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

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

<sup>3</sup> See Securities Exchange Act Release No. 72015 (Apr. 24, 2014), 79 FR 24475.

<sup>4</sup> In Amendment No. 1, the Exchange clarifies the valuation of investments for purposes of calculating net asset value, provides additional details regarding the dissemination of the Disclosed Portfolio, and makes other minor technical edits to the proposed rule change.

<sup>5</sup> The Exchange filed Amendment No. 2 on June 4, 2014 and withdrew it on June 5, 2014, and filed Amendment No. 3 on June 5, 2014 and withdrew it on June 6, 2014. Amendment No. 4 supersedes both Amendment Nos. 2 and 3. In Amendment No. 4, the Exchange amends the proposal to reflect a name change to the Fund and the underlying index. Specifically, the Exchange replaces each reference to “Reality Shares Isolated Dividend Growth Index ETF” in the proposal with “Reality Shares DIVS Index ETF,”

The proposed rule change would permit the listing and trading of shares of the Fund, which would seek long-term capital appreciation by tracking the performance of the Reality Shares DIVS Index (“Index”) (formerly, Reality Shares Isolated Dividend Growth Index). At least 80% of the Fund’s total assets would be invested in the component securities of the Index, which would be calculated using a proprietary, rules-based methodology designed to track market expectations for dividend growth conveyed in real-time using the mid-point of the bid-ask spread on U.S. exchange-listed S&P 500 Index options and U.S. exchange-listed options on exchange traded funds designed to track the S&P 500 Index. Under the proposal, the Fund would buy (i.e., hold a “long” position in) and sell (i.e., hold a “short” position in) put and call options. The strategy of taking both a long position in a security through its ex-dividend date (the last date an investor can own the security and receive dividends paid on the security) and a corresponding short position in the same security immediately thereafter is designed to allow the Fund to isolate its exposure to the growth of the level of dividends expected to be paid on such security while minimizing its exposure to changes in the trading price of such security.

Section 19(b)(2) of the Act<sup>6</sup> provides that, within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The Commission is extending this 45-day time period.

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and replaces each reference to “Reality Shares Isolated Dividend Growth Index” in the proposal with “Reality Shares DIVS Index.”

<sup>6</sup> 15 U.S.C. 78s(b)(2).

The Commission finds that it is appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the proposed rule change and the unique nature of the investment strategy of the proposed Fund.

Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,<sup>7</sup> designates July 29, 2014, as the date by which the Commission should either approve or disapprove or institute proceedings to determine whether to disapprove the proposed rule change (File Number SR-NYSEArca-2014-41).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>8</sup>

**Kevin M. O'Neill,**  
*Deputy Secretary.*

**BILLING CODE 8011-01p**

**[FR Doc. 2014-14316 Filed 06/18/2014 at 8:45 am; Publication Date: 06/19/2014]**

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<sup>7</sup> Id.

<sup>8</sup> 17 CFR 200.30-3(a)(31).