



8011-01p
SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-73512; File No. SR-NYSEArca-2014-107)

November 3, 2014

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change, as Modified by Amendment No. 1 Thereto, to Reflect Changes to the Means of Achieving the Investment Objective Applicable to the Guggenheim Enhanced Short Duration ETF

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 October 21, 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 and II below, which Items have been prepared by the self-regulatory organization. On October 29, 2014, the Exchange filed Amendment No. 1 to the proposal.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change, as modified by Amendment No. 1 thereto, from interested persons.

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

The Exchange proposes to submit a rule change to reflect changes to the means of achieving the investment objective applicable to the Guggenheim Enhanced Short Duration ETF (the “Fund”). The shares of the Fund are currently listed and traded on the Exchange under NYSE Arca Equities Rule 8.600. The text of the proposed rule change is available on the

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78s(b)(1).

³ 17 CFR 240.19b-4.

⁴ Amendment No. 1 clarified the last sentence in footnote 6 of the proposed rule change filing and footnote 7 of the Exchange’s Exhibit 1 by replacing the sentence with the following: “The asset-back securities in which the Fund may invest include collateralized debt obligations, as described in the Prior Release.”

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 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Commission has approved listing and trading on the Exchange of shares ("Shares") of the Guggenheim Enhanced Short Duration ETF, a series of Claymore Exchange-Traded Fund Trust (the "Trust"),⁵ under NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares. The Shares of the Fund are currently listed and traded on the Exchange under NYSE Arca Equities Rule 8.600.

⁵ See Securities Exchange Act Release No. 64550 (May 26, 2011), 76 FR 32005 (June 2, 2011) (SR-NYSEArca-2011-11) (order approving listing and trading on the Exchange of the Guggenheim Enhanced Core Bond ETF and Guggenheim Enhanced Ultra-Short Bond ETF) ("Prior Order"). See also Securities Exchange Act Release No. 64224 (April 7, 2011), 76 FR 20401 (April 12, 2011) (SR-NYSEArca-2011-11) ("Prior Notice," and together with the Prior Order, the "Prior Release"). The name of the Guggenheim Enhanced Ultra-Short Bond ETF was changed to the Guggenheim Enhanced Short Duration Bond ETF in a supplement to the Registration Statement (as defined below) effective December 5, 2011, and was further changed to Guggenheim Enhanced Short Duration ETF in a supplement to the Registration Statement (as defined below) effective September 27, 2013 ("September 27, 2013 Amendment"). The Fund and the Shares are currently in compliance with the listing standards and other rules of the Exchange and the requirements set forth in the Prior Release.

The Shares are offered by the Trust, a statutory trust organized under the laws of the State of Delaware and registered with the Commission as an open-end management investment company.⁶ The investment advisor to the Fund is Guggenheim Funds Investment Advisors, LLC (the “Adviser”).⁷

In this proposed rule change, the Exchange proposes to reflect changes to the description of the measures the Adviser will utilize to implement the Fund’s investment objective, as described below.

First, the Prior Release stated that the Fund may invest up to 10% of its assets in mortgage-backed securities (“MBS”) or in other asset-backed securities (“ABS”)⁸; this limitation does not apply to securities issued or guaranteed by federal agencies and/or U.S. government sponsored instrumentalities, such as the Government National Mortgage Administration (“GNMA”), the Federal Housing Administration (“FHA”), the Federal National Mortgage Association (“FNMA”), and the Federal Home Loan Mortgage Corporation (“FHLMC”). Going

⁶ The Trust is registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1) (“1940 Act”). On September 27, 2013, 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 Fund (File Nos. 333-134551 and 811-21906) (“Registration Statement”). The description of the operation of the Trust and the Fund herein is based, in part, on the Registration Statement. In addition, the Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act. See Investment Company Act Release No. 29271, May 18, 2010 (File No. 812-13534) (“Exemptive Order”).

⁷ The Fund’s investment advisor was previously named Claymore Advisors, LLC. On September 10, 2010, Claymore Advisors, LLC changed its name to Guggenheim Funds Investment Advisors, LLC.

⁸ As stated in the Prior Release, the Fund may invest in MBS or other asset-backed securities issued or guaranteed by private issuers. The MBS in which the Fund may invest may also include residential mortgage-backed securities, collateralized mortgage obligations and commercial mortgage-backed securities. The asset-backed securities in which the Fund may invest include collateralized debt obligations, as described in the Prior Release.

forward, the Fund proposes to have this limit apply to such privately issued MBS; however, the Fund may invest up to 50% of its assets in ABS⁹ that are not mortgage-related. This 50% limitation would not apply to securities issued or guaranteed by federal agencies and/or U.S. government sponsored instrumentalities, such as the GNMA, FHA, FNMA, and FHLMC. In addition, such holdings would be subject to the respective limitations on the Fund's investments in illiquid assets and high yield securities, as described below.

The Adviser represents that this change to the Fund's investment limitations would allow the Adviser to better achieve the Fund's investment objective to seek maximum current income, consistent with preservation of capital and daily liquidity. Moreover, the Fund's increased investment in ABS that are not mortgage-related will continue to adhere to the Fund's investment strategy of investing in short duration fixed income securities.¹⁰

Because the Fund may invest no more than 10% of its net assets in high yield securities ("junk bonds"), which are debt securities that are rated below investment grade by nationally recognized statistical rating organizations ("NRSROs"), or are unrated securities that the Adviser believes are of comparable quality, the preponderance of the Fund's investments in ABS will be

⁹ ABS are bonds backed by pools of loans or other receivables. ABS are securitized by a wide variety of assets and are generally broken into 3 categories: consumer, commercial, and corporate. The consumer category includes credit card, auto loan, student loan, and timeshare loan ABS. The commercial category includes trade receivables, equipment leases, oil receivables, film receivables, rental cars, aircraft securitizations, ship and container securitizations, whole business securitizations, and diversified payment right securitizations. Corporate ABS include cash flow collateralized loan obligations, collateralized by both middle market and broadly syndicated bank loans. ABS are issued through special purpose vehicles that are bankruptcy remote from the issuer of the collateral. The credit quality of an ABS tranche depends on the performance of the underlying assets and the structure. To protect ABS investors from the possibility that some borrowers could miss payments or even default on their loans, ABS include various forms of credit enhancement.

¹⁰ The Fund will target floating rate, shorter maturity, shorter spread duration and other amortizing securities. These securities' maturity and spread duration are consistent with the Fund's investment objective.

in investment grade instruments. Due to the quality of ABS in which the Fund will invest, the Adviser does not expect that the Fund's additional investments in ABS that are not mortgage-related will expose the Fund to additional liquidity risk.

Second, the Prior Release stated that the Fund may invest up to an aggregate amount of 15% of its net assets in: (1) illiquid securities; and (2) Rule 144A securities. Going forward, the Fund proposes that the Fund may hold up to an aggregate amount of 15% of its net assets in illiquid assets (calculated at the time of investment),¹¹ including Rule 144A securities deemed illiquid by the Adviser, consistent with Commission guidance.¹² The Exchange notes that the Commission has approved proposals that have included similar representations relating to issues of Managed Fund Shares proposed to be listed and traded on the Exchange.¹³ The Adviser represents that the Adviser and the Trust's Board of Trustees will continue to evaluate each Rule

¹¹ 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 trades (e.g., the time needed to dispose of the security, the method of soliciting offers, and the mechanics of transfer).

¹² 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 Securities Act).

¹³ See, e.g., Securities Exchange Act Release No. 70282 (August 29, 2013), 78 FR 54700 (September 5, 2013) (order approving listing and trading on the exchange of First Trust Inflation Managed Fund).

144A security based on the Fund's valuation procedures to oversee liquidity and valuation concerns. With respect to investment in illiquid assets, if changes in the values of the Fund's assets cause the Fund's holdings of illiquid assets to exceed the 15% limitation (as if liquid assets have become illiquid), the Fund will take such actions as it deems appropriate and practicable to attempt to reduce its holdings of illiquid assets.

Third, the Prior Release stated that the Fund primarily will invest in U.S. dollar-denominated investment grade debt securities rated Baa or higher by Moody's Investors Service, Inc. ("Moody's"), or equivalently rated by Standard & Poor's Rating Group ("S&P") or Fitch Investor Services ("Fitch"), or, if unrated, determined by the Adviser to be of comparable quality.

Going forward, the Exchange proposes to change the representation that the Fund primarily will invest in U.S. dollar-denominated investment grade debt securities rated Baa or higher, as described above, to a representation that the Fund primarily will invest in U.S. dollar-denominated investment grade debt securities rated Baa3 or higher by Moody's,¹⁴ or equivalently rated by S&P, Fitch, or by any other NRSRO, or, if unrated, determined by the Adviser to be of comparable quality. By being permitted to invest in U.S. dollar-denominated investment grade debt securities rated Baa3 or higher, as described above, the Fund will be able to invest in a broader range of investment grade debt securities, which will assist the Fund in meeting its investment objective. In addition, by being permitted to consider ratings issued by all NRSROs, which are registered with the Commission, the Fund will be able to assess a broader range of available information regarding the characteristics and quality of securities that it may consider for investment.

¹⁴ Baa3 is the lowest tier within the Baa rating.

Fourth, the Prior Release stated that the Fund will invest at least 80% of its net assets in fixed income securities. Going forward, the Fund proposes that it will invest at least 80% of its net assets in fixed income securities, and in exchange-traded funds (“ETFs”) and closed-end funds that invest substantially all of their assets in fixed income securities.¹⁵ All such ETFs and closed-end funds would be listed on a U.S. national securities exchange. The Adviser represents that, by allowing the Fund to invest in ETFs and closed-end funds that invest substantially all of their assets in fixed-income securities and have such investments count towards the Fund’s 80% threshold (thus allowing the Fund to invest in excess of 20% of its assets in such ETFs and closed-end funds), the Fund may be able to realize its investment objective in a more diversified and efficient manner than is currently available under the Fund’s current 20% limitation on non-fixed income securities investments. Possible increased investments in such ETFs and closed-end funds would give the Fund access to a diverse set of fixed-income securities in an efficient fashion, with the liquidity and transparency of a U.S. exchange-traded security.

The Exchange notes that the Prior Release stated that the Fund is considered non-diversified under the 1940 Act and can invest a greater portion of assets in securities of individual issuers than a diversified fund.¹⁶ In the September 27, 2013 Amendment, the Trust amended this representation to state that the Fund is considered a diversified fund. This change was made because, in view of the Fund’s investments, the Fund has been operating in a manner

¹⁵ For purposes of this filing, ETFs include Investment Company Units (as described in NYSE Arca Equities Rule 5.2(j)(3)); Portfolio Depositary Receipts (as described in NYSE Arca Equities Rule 8.100); and Managed Fund Shares (as described in NYSE Arca Equities Rule 8.600). The Fund will invest in the securities of ETFs registered under the 1940 Act consistent with the requirements of Section 12(d)(1) of the 1940 Act, or any rule, regulation or order of the Commission or interpretation thereof.

¹⁶ The diversification standard is set forth in Section 5(b)(1) of the 1940 Act (15 U.S.C. 80a-5(b)(1)). The Fund intends to maintain the level of diversification necessary to qualify as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (26 U.S.C. 851).

consistent with a diversified fund for three years and, pursuant to Commission guidance, the Fund has amended its disclosure in that regard. The revised representation in the September 27, 2013 Amendment reflects this fact.

The Adviser represents that there is no change to the Fund's investment objective. The Fund will continue to comply with all initial and continued listing requirements under NYSE Arca Equities Rule 8.600.

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

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

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)¹⁷ 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 continue to be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Equities Rule 8.600. The Adviser represents that increasing the Fund's flexibility to invest in ABS that are not mortgage-related would allow the Adviser to better achieve the Fund's investment objective to seek maximum current income, consistent with preservation of capital and daily liquidity. Moreover, the Fund's increased investment in ABS that are not mortgage-related will continue to

¹⁷ 15 U.S.C. 78f(b)(5).

adhere to the Fund's investment strategy of investing in short duration fixed income securities. In addition, such holdings would be subject to the limitation of the Fund's investments in illiquid assets, as described above. Because the Fund may invest no more than 10% of its net assets in junk bonds, which are debt securities that are rated below investment grade by nationally recognized statistical rating organizations, or are unrated securities that the Adviser believes are of comparable quality, the preponderance of the Fund's investments in ABS will be in investment grade instruments. With respect to the 15% limitation on investments in illiquid assets, including Rule 144A securities deemed illiquid by the Adviser, consistent with Commission guidance, the Exchange notes that the Commission has approved proposals that have included similar representations relating to issues of Managed Fund Shares proposed to be listed and traded on the Exchange.¹⁸ The Adviser represents that the Adviser and the Trust's Board of Trustees will continue to evaluate each Rule 144A security based on the Fund's valuation procedures to oversee liquidity and valuation concerns.

With respect to the representation above that the Fund primarily will invest in U.S. dollar-denominated investment grade debt securities rated Baa3 or higher (instead of Baa or higher) by Moody's, or equivalently rated by S&P, Fitch, or by any other NRSRO, or, if unrated, determined by the Adviser to be of comparable quality, by being permitted to invest in U.S. dollar-denominated investment grade debt securities rated Baa3 or higher, as described above, the Fund will be able to invest in a broader range of investment grade debt securities, which will assist the Fund in meeting its investment objective. In addition, with respect to the Fund utilizing ratings of any NRSRO, rather than only enumerated NRSROs, in connection with its fixed income investments, by being permitted to consider ratings issued by all NRSROs, which

¹⁸ See note 12, supra [sic].

are registered with the Commission, the Fund will be able to assess a broader range of available information regarding the characteristics and quality of securities that it may consider for investment.

With respect to the proposal for the Fund to invest at least 80% of its net assets in fixed income securities, and in ETFs and closed-end funds that invest substantially all of their assets in fixed income securities, the Exchange notes that all such ETFs and closed-end funds would be listed on a U.S. national securities exchange. The Adviser represents that, by allowing the Fund to invest in ETFs and closed-end funds that invest substantially all of their assets in fixed-income securities and have such investments count towards the Fund's 80% threshold, the Fund may be able to realize its investment objective in a more diversified and efficient manner than is currently available under the Fund's current 20% limitation on non-fixed income securities investments. Possible increased investments in such ETFs and closed-end funds would give the Fund access to a diverse set of fixed-income securities in an efficient fashion, with the liquidity and transparency of a U.S. exchange-traded security.

With respect to the Fund's operation as a diversified Fund, this change was made because, in view of the Fund's investments, the Fund has been operating in a manner consistent with a diversified fund for three years and, pursuant to Commission guidance, the Fund has amended its disclosure in that regard. The revised representation in the September 27, 2013 Amendment reflects this fact.

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 Adviser represents that there is no change to the Fund's investment objective. The Fund will continue to comply with all initial and continued listing requirements under NYSE Arca Equities Rule 8.600. The Adviser represents

that the purpose of the proposed changes is to provide additional flexibility to the Adviser to meet the Fund's investment objective, as discussed above.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that the Fund will continue to comply with all initial and continued listing requirements under NYSE Arca Equities Rule 8.600. The Adviser represents that the purpose of the proposed changes is to provide additional flexibility to the Adviser to meet the Fund's investment objective, as discussed above. The Adviser represents that there is no change to the Fund's investment objective. Except for the changes noted above, all other facts presented and representations made in the Prior Release remain unchanged.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed changes to the Fund's means of achieving the investment objective will permit the Fund to adjust its portfolio to allow the Fund to continue to meet its investment objectives in the most efficient manner possible and will enhance competition among issues of Managed Fund Shares that invest in fixed income securities.

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

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

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate 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 such 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-2014-107 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, D.C. 20549-1090.

All submissions should refer to File Number SR-NYSEArca-2014-107. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F

Street, NE, Washington, D.C. 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the 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-2014-107 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.¹⁹

Kevin M. O'Neill
Deputy Secretary

[FR Doc. 2014-26461 Filed 11/06/2014 at 8:45 am; Publication Date: 11/07/2014]

¹⁹ 17 CFR 200.30-3(a)(12).