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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82444; File No. SR-CboeBZX-2017-023]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing of a Proposed Rule Change to List and Trade Shares of the iShares Gold Exposure ETF, a Series of the iShares U.S. ETF Trust, Under Exchange Rule 14.11(i), Managed Fund Shares

January 5, 2018.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 21, 2017, Cboe BZX Exchange, Inc. (“Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. 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 filed a proposal to list and trade shares of the iShares Gold Exposure ETF (the “Fund”), a series of the iShares U.S. ETF Trust (the “Trust”), under Exchange Rule 14.11(i) (“Managed Fund Shares”). The shares of the Fund are referred to herein as the “Shares.”

The text of the proposed rule change is available at the Exchange’s website at www.markets.cboe.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 Exchange 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 these 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 Exchange proposes to list and trade the Shares under Exchange Rule 14.11(i), which governs the listing and trading of Managed Fund Shares on the Exchange.³ The Fund is a series of, and the Shares will be offered by, the Trust, which was established as a Delaware statutory trust on June 21, 2011. BlackRock Fund Advisors (the "Adviser") will serve as the investment adviser to the Fund. The Trust is registered with the Commission as an open-end management investment company and has filed a registration statement on behalf of the Fund on Form N-1A ("Registration Statement") with the Commission.⁴

³ The Commission originally approved Exchange Rule 14.11(i) in Securities Exchange Act Release No. 65225 (August 30, 2011), 76 FR 55148 (September 6, 2011) (SR-BATS-2011-018) and subsequently approved generic listing standards for Managed Fund Shares under Exchange Rule 14.11(i)(4)(C) in Securities Exchange Act Release No. 78396 (July 22, 2016), 81 FR 49698 (July 28, 2016) (SR-BATS-2015-100) ("Generic Listing Rules").

⁴ See Registration Statement on Form N-1A for the Trust, filed with the Commission on November 1, 2017 (File Nos. 333-179904 and 811-22649). The descriptions of the Fund and the Shares contained herein are based, in part, on information in the Registration Statement. The Commission has issued an order granting certain exemptive relief to the Adviser and open-end management companies advised by the Adviser under the Investment Company Act of 1940 (15 U.S.C. 80a-1). See Investment Company Act Release No. 29571 (January 24, 2011) (File No. 812-13601).

As a result of the instruments that will be indirectly held by the Fund, the Adviser, which is a member of the National Futures Association (“NFA”), will register as a commodity pool operator⁵ with respect to the Fund. If the Fund retains any sub-adviser in the future, such sub-adviser will register as a commodity pool operator or commodity trading adviser, if required by Commodity Futures Trading Commission (“CFTC”) regulations. The Fund will be subject to regulation by the CFTC and NFA and applicable disclosure, reporting and recordkeeping rules imposed upon commodity pools.

Exchange Rule 14.11(i)(7) 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.⁶ In addition, Exchange Rule 14.11(i)(7) further requires that personnel who make decisions on the investment company’s portfolio composition must be subject to

⁵ As defined in Section 1a(11) of the Commodity Exchange Act.

⁶ 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.

procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable investment company portfolio. Exchange Rule 14.11(i)(7) is similar to Exchange Rule 14.11(b)(5)(A)(i) (which applies to index-based funds); however, Exchange Rule 14.11(i)(7) in connection with the establishment of a “fire wall” between the investment adviser and the broker-dealer reflects the applicable open-end fund’s portfolio, not an underlying benchmark index, as is the case with index-based funds. The Adviser is not a registered broker-dealer, but is affiliated with multiple broker-dealers and has implemented “fire walls” with respect to such broker-dealers regarding access to information concerning the composition and/or changes to the Fund’s portfolio. In addition, Adviser personnel who make decisions regarding the Fund’s portfolio are subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the Fund’s portfolio. In the event that (a) the Adviser becomes registered as a broker-dealer or newly affiliated with another broker-dealer, or (b) any new adviser or sub-adviser is a registered broker-dealer or becomes affiliated with a broker-dealer, it will implement a fire wall with respect to its relevant personnel or such broker-dealer affiliate, as applicable, regarding access to information concerning the composition and/or changes to the portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio.

The Fund intends to qualify each year as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended.

The Exchange submits this proposal in order to allow the Fund to hold listed derivatives (i.e., Listed Gold Derivatives, as defined below) in a manner that does not comply with

Exchange Rule 14.11(i)(4)(C)(iv)(b).⁷ Otherwise, the Fund will comply with all other listing requirements on an initial and continued listing basis under Exchange Rule 14.11(i) for Managed Fund Shares.

iShares Gold Exposure ETF

The Fund will seek to provide exposure, on a total return basis, to the price performance of gold. The Fund will seek to achieve its investment objective by investing primarily in a combination of (i) exchange-traded gold futures contracts (“Gold Futures”)⁸ and other listed derivatives⁹ that correlate to the investment returns of physical gold (such other listed derivatives together with Gold Futures, “Listed Gold Derivatives”), based on the notional value of such derivative instruments; (ii) over-the-counter (“OTC”) derivatives that correlate to the investment returns of physical gold (“OTC Gold Derivatives”), based on the notional value of such derivative instruments; and (iii) exchange-traded products (“ETPs”)¹⁰ backed by or linked to physical gold (“Gold ETPs,” and collectively with Listed Gold Derivatives and OTC Gold Derivatives, the “Gold Investments”). In seeking total return, the Fund will additionally aim to

⁷ Exchange Rule 14.11(i)(4)(C)(iv)(b) provides that “the aggregate gross notional value of listed derivatives based on any five or fewer underlying reference assets shall not exceed 65% of the weight of the portfolio (including gross notional exposures), and the aggregate gross notional value of listed derivatives based on any single underlying reference asset shall not exceed 30% of the weight of the portfolio (including gross notional exposures).”

⁸ Gold Futures held by the Fund will primarily be front month COMEX gold futures contracts (GC).

⁹ For purposes of this proposal, the term “listed derivatives” will be consistent with its use in Exchange Rule 14.11(i)(4)(C)(iv), which provides that listed derivatives include listed futures, options, and swaps on commodities, currencies and financial instruments (e.g., stocks, fixed income, interest rates, and volatility) or a basket or index of any of the foregoing.

¹⁰ As defined in Exchange Rule 11.8(e)(1)(A), ETP means any security listed pursuant to Exchange Rule 14.11.

generate interest income and capital appreciation through a cash management strategy consisting primarily of cash and cash equivalents, including repurchase agreements and money market instruments, investments in government obligations, including U.S. government and agency securities, treasury inflation-protected securities, and sovereign debt obligations of non-U.S. countries, and investment-grade fixed-income securities, including corporate bonds (collectively, “Fixed Income Investments”). The Fund will be an actively managed exchange-traded fund and will not seek to replicate the performance of a specified index.

The Fund’s investment strategy related to the Gold Investments will seek to maximize correlation with the Bloomberg Composite Gold Index (the “Bloomberg Benchmark”), which is comprised of exchange-traded gold futures contracts and one or more ETPs backed by or linked to physical gold. The Bloomberg Benchmark is designed to track the price performance of gold. Although the Fund generally holds, among other instruments, the same futures contracts under the same futures rolling schedule, and the same ETPs backed by or linked to physical gold, as those included in the Bloomberg Benchmark, the Fund is not obligated to invest in any such futures contracts or ETPs included in, and does not seek to track the performance of, the Bloomberg Benchmark.

The Fund expects to seek to gain exposure to Gold Investments by investing through a wholly-owned subsidiary organized in the Cayman Islands (the “Subsidiary”). The Subsidiary is advised by the Adviser. Unlike the Fund, the Subsidiary is not an investment company registered under the Investment Company Act of 1940. The Subsidiary has the same investment objective as the Fund. References below to the holdings of the Fund are inclusive of the direct holdings of the Fund as well as the indirect holdings of the Fund through the Subsidiary.

In order to achieve its investment objective, under Normal Market Conditions,¹¹ the aggregate gross notional value of Listed Gold Derivatives is generally not expected to exceed 75%, but may, in certain circumstances, approach 100%, of the Fund (including gross notional values). As noted above, Exchange Rule 14.11(i)(4)(C)(iv) prevents the Fund from holding listed derivatives based on any five or fewer underlying reference assets in excess of 65% of the weight of the portfolio (including gross notional exposures) and from holding listed derivatives based on any single underlying reference asset in excess of 30% of the weight of its portfolio (including gross notional exposures). The Exchange is proposing to allow the Fund to hold up to 100% of the weight of its portfolio (including gross notional exposures) in listed derivatives based on a single underlying reference asset through its investment in Listed Gold Derivatives. Allowing the Fund to hold a greater portion of its portfolio in Listed Gold Derivatives would mitigate the Fund's dependency on holding OTC derivative instruments, which would reduce the Fund's operational burden by allowing the Fund to primarily use listed futures contracts and other listed derivatives to achieve its investment objective and would also reduce counter-party risk associated with holding OTC instruments.

Under Normal Market Conditions, the Fund generally will primarily hold Listed Gold Derivatives, including Gold Futures, OTC Gold Derivatives,¹² Gold ETPs,¹³ and/or Fixed

¹¹ As defined in Exchange Rule 14.11(i)(3)(E), the term "Normal Market Conditions" includes, but is not limited to, the absence of trading halts in the applicable financial markets generally; operational issues causing dissemination of inaccurate market information or system failures; or force majeure type events such as natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption, or any similar intervening circumstance.

¹² The aggregate gross notional value of the Fund's holdings in OTC Gold Derivatives will not exceed 20% of the weight of the portfolio (including gross notional exposures) in compliance with Exchange Rule 14.11(i)(4)(C)(v).

Income Investments.¹⁴ The Exchange represents that, except for the 65% and 30% limitations in Exchange Rule 14.11(i)(4)(C)(iv)(b), the Fund’s proposed investments will satisfy, on an initial and continued listing basis, all of the Generic Listing Rules and all other applicable requirements for Managed Fund Shares under Exchange Rule 14.11(i). The Trust is required to comply with Rule 10A-3 under the Act for the initial and continued listing of the Shares of the Fund. In addition, the Exchange represents that the Shares of the Fund will meet and be subject to all other requirements of the Generic Listing Rules and other applicable continued listing requirements for Managed Fund Shares under Exchange Rule 14.11(i), including those requirements regarding the Disclosed Portfolio (as defined in the Exchange rules) and the requirement that the Disclosed Portfolio and the net asset value (“NAV”) will be made available to all market participants at the same time,¹⁵ intraday indicative value,¹⁶ suspension of trading or removal,¹⁷ trading halts,¹⁸ disclosure,¹⁹ and firewalls.²⁰ Further, at least 100,000 Shares will be outstanding upon the commencement of trading.²¹ Moreover, at least 90% of the weight of the Fund in Listed Gold Derivatives will trade on markets that are a member of Intermarket Surveillance Group (“ISG”) or affiliated with a member of ISG or with which the Exchange has

¹³ The Fund’s holdings in Gold ETPs will comply with the requirements of Exchange Rule 14.11(i)(4)(C)(i)(a).

¹⁴ The Fund will hold Fixed Income Investments (which includes cash and cash equivalents) in order to collateralize its derivatives positions and such holdings will comply with Exchange Rules 14.11(i)(4)(C)(ii) and (iii).

¹⁵ See Exchange Rules 14.11(i)(4)(A)(ii) and 14.11(i)(4)(B)(ii).

¹⁶ See Exchange Rule 14.11(i)(4)(B)(i).

¹⁷ See Exchange Rule 14.11(i)(4)(B)(iii).

¹⁸ See Exchange Rule 14.11(i)(4)(B)(iv).

¹⁹ See Exchange Rule 14.11(i)(6).

²⁰ See Exchange Rule 14.11(i)(7).

²¹ See Exchange Rule 14.11(i)(4)(A)(i).

in place a comprehensive surveillance sharing agreement.²² All statements and representations made in this filing regarding the description of the portfolio or reference assets, limitations on portfolio holdings or reference assets, dissemination and availability of reference assets and intraday indicative values, and the applicability of Exchange listing rules specified in this filing shall constitute continued listing requirements for the Fund. The Trust, on behalf of the Fund, has represented to the Exchange that it will advise the Exchange of any failure by the Fund or the Shares to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will surveil for compliance with the continued listing requirements. If the Fund or the Shares are not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under Exchange Rule 14.12.

2. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act²³ in general and Section 6(b)(5) of the Act²⁴ in particular because the Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest given that the Shares will meet each of the initial and continued listing criteria in Exchange Rule 14.11(i) with the exception of Exchange Rule

²² For a list of the current members and affiliate members of ISG, see www.isgportal.com. The Exchange notes that not all components of the Disclosed Portfolio for the Fund may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

²³ 15 U.S.C. 78f.

²⁴ 15 U.S.C. 78f(b)(5).

14.11(i)(4)(C)(iv)(b), which requires that the aggregate gross notional value of listed derivatives based on any five or fewer underlying reference assets shall not exceed 65% of the weight of the portfolio (including gross notional exposures), and the aggregate gross notional value of listed derivatives based on any single underlying reference asset shall not exceed 30% of the weight of the portfolio (including gross notional exposures). The Exchange believes that the liquidity in the Listed Gold Derivatives markets mitigates the concerns that Exchange Rule 14.11(i)(4)(C)(iv)(b) is intended to address and that such liquidity would prevent the Shares from being susceptible to manipulation.²⁵ Further, allowing the Fund to hold a greater portion of its portfolio in Listed Gold Derivatives would mitigate the Fund's dependency on holding OTC instruments, which would reduce the Fund's operational burden by allowing the Fund to primarily use listed futures contracts and other listed derivatives to achieve its investment objective and would also reduce counter-party risk associated with holding OTC instruments. The Exchange believes that its surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws. At least 90% of the weight of the Fund in Listed Gold Derivatives will trade on markets that are a member of ISG or affiliated with a member of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. The Exchange may obtain information regarding trading in the Shares and at least 90% of the weight of the Fund invested in Listed Gold Derivatives via the ISG from other exchanges who are members or affiliates of the ISG or with which the Exchange has entered into a comprehensive

²⁵ In September and October of 2017, the average daily COMEX gold futures contract volume was 340,000 and 292,000 for front month contracts, respectively. This equates to an average daily traded notional value of approximately \$37.5 billion and \$44.9 billion, respectively.

surveillance sharing agreement.²⁶ The Exchange further notes that the Fund will meet and be subject to all other requirements of the Generic Listing Rules and other applicable continued listing requirements for Managed Fund Shares under Exchange Rule 14.11(i), including those requirements regarding the Disclosed Portfolio and the requirement that the Disclosed Portfolio and the NAV will be made available to all market participants at the same time, intraday indicative value, suspension of trading or removal, trading halts, disclosure, and firewalls. Further, at least 100,000 Shares will be outstanding upon the commencement of trading.

For the above reasons, the Exchange believes that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act.

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

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

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

The Exchange has neither solicited nor received written comments on 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

²⁶ See note 22, supra.

period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange 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 proposal 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 No. SR-CboeBZX-2017-023 on the subject line.

Paper Comments:

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

All submissions should refer to File No. SR-CboeBZX-2017-023. 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 am and 3:00 pm.

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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All

submissions should refer to File No. SR-CboeBZX-2017-023 and should be submitted on or before **[INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁷

Eduardo A. Aleman,

Assistant Secretary.

²⁷ 17 CFR 200.30-3(a)(12).

