
At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or 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 email to rule-comments@sec.gov. Please include File Number SR–MIAX–2017–49 in the subject line.

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

All submissions should refer to File Number SR–MIAX–2017–49. This file number should be included on the subject line if email 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 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 Number SR–MIAX–2017–49 and should be submitted on or before January 18, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority. 21

Eduardo A. Aleman,
Assistant Secretary.

[FR Doc. 2017–28080 Filed 12–27–17; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rules Relating to Investment Company Units, Index-Linked Securities and Managed Trust Securities

December 21, 2017.

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 December 15, 2017, New York Stock Exchange LLC (“NYSE” or the “Exchange”) 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 (1) to amend Supplementary Material .01 and .02 to NYSE Rule 5.2(j)(3) to provide for the inclusion of cash in an index underlying a series of Investment Company Units, which amendments conform to amendments to NYSE Rule 5.2–E(j)(3) previously approved by the Securities and Exchange Commission (“Commission”); (2) to amend NYSE Rule 5.2(j)(6) to exclude Investment Company Units, securities defined in Section 2 of NYSE Rule 8P (Trading of Certain Exchange Traded Products) and Index-Linked Securities when applying the quantitative generic listing criteria applicable to Equity Index-Linked Securities, which amendments conform to amendments to NYSE Arca Rule 5.2–E(j)(6) previously approved by the Commission; and (3) to amend NYSE Rule 8.700 (“Managed Trust Securities”) to permit the use of swaps on stock indices, fixed income indices, commodity indices, commodities, currencies, currency indices, or interest rates, and to add EURO STOXX 50 Volatility Index (VSTOXX®) futures and swaps on VSTOXX to the financial instruments that an issue of Managed Trust Securities may hold, which amendments conform to amendments to NYSE Arca Rule 8.700–E previously approved by the Commission.

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 Exchange proposes (1) to amend Supplementary Material .01 and .02 to NYSE Rule 5.2(j)(3) to provide for the inclusion of cash in an index underlying a series of Investment Company Units (“Units”), which amendments conform to amendments to NYSE Arca Rule 5.2–E(j)(3) previously approved by the

Securities and Exchange Commission ("Commission").4 (2) to amend NYSE Rule 5.2(j)(6) to exclude Investment Company Units, securities defined in Section 2 of NYSE Rule 8P (Trading of Certain Exchange Traded Products) and Index-Linked Securities when applying the quantitative generic listing criteria applicable to Equity Index-Linked Securities, which amendments conform to amendments to NYSE Arca 5.2–E(1)(b) previously approved by the Commission;5 and (3) to amend NYSE Rule 8.700 ("Managed Trust Securities") to permit the use of swaps on stock indices, fixed income indices, commodity indices, commodities, currencies, currency indices, or interest rates, and to add VSTOXX futures and swaps on VSTOXX to the financial instruments that an issue of Managed Trust Securities may hold, which amendments conform to amendments to NYSE Arca Rule 8.700–E previously approved by the Commission.6

Amendments to NYSE Rule 5.2(j)(3)

NYSE Rule 5.2(j)(3) permits the trading, whether by listing or pursuant to unlisted trading privileges ("UTP") of Units. The Exchange proposes to amend Supplementary Material .01 and .02 to NYSE Rule 5.2(j)(3) to permit trading of Units based on an index or portfolio that includes cash as a component. While Units, like mutual funds, will generally hold an amount of cash, Rule 5.2(j)(3) currently provides that components of an index or portfolio underlying a series of Units consist of securities—namely, US Component Stocks, Non-US Component Stocks, Fixed Income Securities or a combination thereof. As described below, the proposed amendments to Supplementary Material .01 and .02 to Rule 5.2(j)(3) would permit inclusion of cash as an index or portfolio component.

Currently, Supplementary Material .01(a)(A) provides that an underlying index or portfolio of US Component Stocks7 must meet specified criteria. The Exchange proposes to amend Supplementary Material .01(a)(A) to provide that the components of an index or portfolio underlying a series of Units may also include cash. In addition, the percentage weighting criteria in Supplementary Material .01(a)(A)(1) through (4) would be amended to make clear that such criteria would be applied only to the US Component Stocks portion of an index or portfolio. For example, in applying the criteria in proposed Supplementary Material .01(a)(A)(1),8 if 85% of the weight of an index consists of US Component Stocks and 15% of the index weight is cash, the requirement that component stocks (excluding Exchange Traded Products) that in the aggregate account for at least 90% of the weight of the US Component Stocks portion of the index or portfolio (excluding such Exchange Traded Products) each will have a minimum market value of $75 million minimum would be applied only to the 85% portion consisting of US Component Stocks.

Supplementary Material .01 (a)(B), which relates to international or global indexes or portfolios, would be amended to provide that components of an index or portfolio underlying a series of Units may consist of (a) only Non-US Component Stocks, (b) Non-US Component Stocks and cash, (c) both US Component Stocks and Non-US Component Stocks, or (d) US Component Stocks, Non-US Component Stocks and cash. In addition, the percentage weighting criteria in Supplementary Material .01(a)(B)(1) through (4) each would be amended to make clear that such criteria would be applied only to the combined US and Non-US Component Stocks portions of an index or portfolio.

Supplementary Material .02 to NYSE Rule 5.2(j)(3) provides generic criteria applicable to trading of Units whose underlying index or portfolio includes Fixed Income Securities.9 Currently, Supplementary Material .02(a)(1) provides that an underlying index or portfolio must consist of Fixed Income Securities. The Exchange proposes to amend Supplementary Material .02(a)(1) to provide that the index or portfolio may also include cash. In addition, the percentage weighting criteria in Supplementary Material .02(a)(2), (a)(4) and (a)(6) each would be amended to make clear that such criteria would be applied only to the Fixed Income Securities portion of an index or portfolio. For example, in applying the criteria in the proposed amendments to Supplementary Material .01(a)(2),10 if 90% of the weight of an index or portfolio consists of Fixed Income Securities and 10% of the index weight is cash, the requirement that Fixed Income Security components accounting for at least 75% of the Fixed Income Securities portion of the weight of the index or portfolio each will have a minimum original principal amount outstanding of $100 million would be applied only to the 90% portion consisting of Fixed Income Securities.

The Exchange notes that the Commission has previously approved Exchange rules allowing portfolios held by issues of Managed Fund Shares (actively-managed exchange-traded funds) to include cash.11 Like the provision in Supplementary Material .01(c) to Rule 8.600, which states that there is no limit to cash holdings by an issue of Managed Fund Shares traded under Supplementary Material .01 to Rule 8.600, there is no proposed limit to the weighting of cash in an index underlying a series of Units. The Exchange believes this is appropriate in that cash does not, in itself, impose investment or market risk.

debt securities that are notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, U.S. Department of Treasury securities ("Treasury Securities"), government-sponsored entity securities ("GSE Securities"), municipal securities, trust preferred securities, supranational debt and debt of a foreign country or a subdivision thereof.

10 Supplementary Material .01(a)(2) provides that Fixed Income Security components that in the aggregate account for at least 75% of the Fixed Income Securities portion of the weight of the index or portfolio each will have a minimum original principal amount outstanding of $100 million or more.

11 See Supplementary Material .01(c) to NYSE Rule 8.600, approved in Securities Exchange Act Release No. 80214 (March 10, 2017), 82 FR 14050 (March 16, 2017) (SR–NYSE–2016–44) (order approving proposed rule change to allow the Exchange to trade pursuant to UTP any NMS Stock listed on another national securities exchange; establishing listing and trading requirements for Miscellaneous Exchange Traded Products; and adopting new trading rules relating to trading halts of securities traded pursuant to UTP on the Pillar platform).
The Exchange believes the proposed amendments, by permitting inclusion of cash as a component of indices, underlying series of Units, would provide issuers of Units with additional choice in indices permitted to underlie Units that are permitted to trade on the Exchange, which would enhance competition among market participants, to the benefit of investors and the marketplace. In addition, the proposed amendments would provide investors with greater ability to hold Units based on underlying indexes that may accord more closely with an investor’s assessment of market risk, in that some investors may view cash as a desirable component of an underlying index under certain market conditions.

Amendments to NYSE Rule 5.2 (j)(6)

The Exchange proposes to amend NYSE Rule 5.2 (j)(6) to exclude Investment Company Units ("Units") and securities defined in Section 2 of NYSE Rule 8P (collectively, together with Units, "Derivative Securities Products"), as well as Index-Linked Securities, when applying the quantitative generic listing criteria applicable to Equity Index-Linked Securities.

Equity Index-Linked Securities are securities that provide for the payment at maturity (or earlier redemption) based on the performance of an underlying index or indexes of equity securities, securities of closed end management investment companies registered under the Investment Company Act of 1940 ("1940 Act") and/or Units.

In addition to certain other generic listing criteria, Equity Index-Linked Securities must satisfy the generic quantitative initial and continued listing criteria under NYSE Rule 5.2 (j)(6)(B)(I) in order to become, and continue to be, listed and traded on the Exchange. Certain of the applicable quantitative criteria specify minimum or maximum thresholds that must be satisfied with respect to, for example, market value, trading volume, and dollar weight of the index represented by a single component or groups of components.

The applicable initial quantitative listing criteria include (i) that each underlying index is required to have at least ten component securities; (ii) that each component security has a minimum market value of at least $75 million, except that for each of the lowest dollar weighted component securities in the index that in the aggregate account for no more than 10% of the dollar weight of the index, the market value may be less than $50 million; (iii) that component stocks that in the aggregate account for at least 90% of the dollar weight of each index each have a minimum of $25,000,000, averaged over the last six months; (iv) that no underlying component security represents more than 25% of the dollar weight of the index, and the five highest dollar weighted component securities in the index do not in the aggregate account for more than 50% of the dollar weight of the index (60% for an index consisting of fewer than 25 component securities); and (v) that 90% of the index’s numerical value and at least 80% of the total number of component securities meet the then current criteria for standardized option trading set forth in Section 5.2 of the 1940 Act; except that an index will not be subject to this last requirement if (a) no underlying component security represents more than 10% of the dollar weight of the index and (b) the index has a minimum of 29 component securities.

The Exchange also proposes to amend the aggregate account for at least 90% of the weight of the index have a minimum global monthly trading volume of 500,000 shares, or minimum global notional volume traded per month of $12,500,000, averaged over the last six months.

The Exchange proposes to amend NYSE Rule 5.2 (j)(6)(B)(I)(1)(a), which provides that each underlying index is required to have at least ten component securities, to provide that there will be no minimum number of component securities if one or more issues of Derivative Securities Products or Index-Linked Securities constitute, at least in part, component securities underlying an issue of Equity Index-Linked Securities. The proposed amendment to NYSE Rule 5.2 (j)(6)(B)(I)(1)(a) also would provide that the securities described in Rule 5.2 (j)(3) and Section 2 of Rule 8P (that is, Derivative Securities Products), and Rule 5.2 (j)(6) (that is, Index-Linked Securities), as referenced in proposed amended Rule 5.2 (j)(6)(B)(I)(1)(b)(2) and Rule 5.2 (j)(6)(B)(I)(2) would include securities listed on another national securities exchange pursuant to substantially equivalent listing rules.

The Exchange also proposes to exclude Derivative Securities Products and Index-Linked Securities from consideration when determining whether the applicable quantitative generic thresholds have been satisfied under the initial listing standards specified in NYSE Rule 5.2 (j)(6)(B)(I)(1)(b)-(II) and the continued listing standards specified in NYSE Rules 5.2 (j)(6)(B)(I)(2)(a)(I) and (II).

14 Units are securities that represent an interest in a registered investment company that could be organized as a unit investment trust, an open-end management investment company, or a similar entity, that holds securities comprising, or otherwise represents an interest in, an index or portfolio of securities or securities in another registered investment company that holds such securities. See NYSE Rule 5.2 (j)(3). The following securities currently are included in Section 2 of NYSE Rule 8P: Portfolio Depositary Receipts (Rule 8.100); Trust Issued Receipts (Rule 8.200); Commodity-Backed Trust Shares (Rule 8.201); Currency Trust Shares (Rule 8.202); Commodity Index Trust Shares (Rule 8.203); Commodity Futures Trust Shares (Rule 8.204); Partnership Units (Rule 8.300); Paired Trust Shares (Rule 8.400); Trust Units (Rule 8.500); Managed Fund Shares (Rule 8.600); and Managed Trust Shares (Rule 8.700).

15 Index-Linked Securities are securities that qualify for Exchange listing and trading under NYSE Rule 5.2((3)). The securities described in Rule 5.2(j)(6), Rule 5.2(j)(6) and Section 2 of Rule 8P, as referenced above, would include securities listed on another national securities exchange pursuant to substantially equivalent listing rules.

16 The Commission has approved amendments to NYSE Arca Rule 5.2–E(j)(6) that are substantially identical to those proposed herein. See Securities Exchange Act Release No. 81442 (August 18, 2017), 82 FR 40178 (August 24, 2017) (SR–NYSEArca–2017–54) (order approving a proposed rule change to amend the generic listing criteria applicable to Equity Index-Linked Securities).
determining compliance with NYSE Rule 5.2 (j)(6)(B)(i)(1)[b][ii], component stocks, excluding Derivative Securities Products or Index-Linked Securities, that in the aggregate account for at least 90% of the remaining index weight would be required to have a minimum global monthly trading volume of 1 million shares, or minimum global notional volume traded per month of 25 million, averaged over the last six months.

The Exchange proposes further to provide that the weighting limitation for the five highest weighted component securities in an index in NYSE Rules 5.2 (j)(6)(B)(i)(1)[b][ii] and 5.2 (j)(6)(B)(i)(2)[a][i] would apply “to the extent applicable.” When considered in conjunction with the proposed amendment to NYSE Rule 5.2 (j)(6)(B)(i)(1)[a] referenced above, this language would make clear that an index that includes Derivative Securities Products or Index-Linked Securities may include fewer than five component securities.

The Exchange believes that it is appropriate to exclude Derivative Securities Products and Index-Linked Securities from the generic listing and continued listing criteria specified above for Equity Index-Linked Securities because Derivative Securities Products and Index-Linked Securities that may be included in an index or portfolio underlying a series of Equity Index-Linked Securities are themselves subject to specific initial and continued listing requirements of the exchange on which they are listed. Also, Derivative Securities Products and Index-Linked Securities would have been listed and traded on an exchange pursuant to a listing or pursuant to UTP, of Managed Trust Securities pursuant to UTP. The Exchange proposes to amend NYSE Rule 8.700 to permit the use of swaps on stock indices, fixed income indices, commodity indices, commodities, currencies, currency indices, or interest rates, and to add VSTOXX futures and swaps on VSTOXX to the financial instruments that an issue of Managed Trust Securities may hold. The proposed amendments are substantially identical to amendments to NYSE Arca Rule 8.700–E approved by the Commission for issues of Managed Trust Securities listed and traded on NYSE Arca, Inc.

Amendments to NYSE Rule 8.700

NYSE Rule 8.700 permits the trading, whether by listing or pursuant to UTP, of Managed Trust Securities pursuant to UTP. The Exchange proposes to amend NYSE Rule 8.700 to permit the use of swaps on stock indices, fixed income indices, commodity indices, commodities, currencies, currency indices, or interest rates, and to add VSTOXX futures and swaps on VSTOXX to the financial instruments that an issue of Managed Trust Securities may hold. The proposed amendments are substantially identical to amendments to NYSE Arca Rule 8.700–E approved by the Commission for issues of Managed Trust Securities listed and traded on NYSE Arca, Inc.

The Exchange proposes to amend NYSE Rule 8.700(c)(1) to specify that the trust issuing a series of Managed Trust Securities, or any series of such trust, is not registered or required to be registered as an investment company. This change makes clear that issuers of Managed Trust Securities are not investment companies under the 1940 Act, and, therefore, distinguishes issuances of Managed Trust Securities from, for example, Managed Fund Shares traded pursuant to NYSE Rule 8.600 to Investment Company Units traded pursuant to NYSE Rule 5.2(j)(3).

Permitting the use of swaps as referenced above would provide additional flexibility to an issuer of Managed Trust Securities seeking to achieve its investment objective. For example, because the markets for certain futures contracts may be unavailable or cost prohibitive as compared to other derivative instruments, swaps may be an efficient alternative for an issuer of Managed Trust Securities to obtain the desired asset exposure. Additionally, swaps would allow parties to replicate desired returns. As such, the increased flexibility afforded by the ability of an issuer of Managed Trust Securities to use swaps may enhance investor returns by facilitating the ability to more economically seek its investment objective, thereby reducing the costs incurred by such issuer. Permitting the use of such futures would provide additional flexibility to an issuer of Managed Trust Securities seeking to achieve its investment objective by allowing such issuer to gain additional asset exposure to currencies and commodities. The Exchange also proposes to amend NYSE Rule 8.700(c)(1) to specify cash and cash equivalents as permitted trust holdings. Such instruments would be held, as needed, to secure a trust’s trading obligations with respect to its positions in other financial instruments.

With respect to adding futures or swaps on VSTOXX to the financial instruments in which an issue of Managed Trust Securities may hold, the Exchange believes that the proposed amendment to will provide investors with the ability to better diversify and hedge their portfolios using an exchange traded security without having to trade directly in underlying futures contracts, and will facilitate the listing and trading on the Exchange of additional Managed Trust Securities that will enhance competition among market participants, to the benefit of investors and the marketplace.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement

20 The VSTOXX is based on EURO STOXX 50 Index (“Index”) real-time option prices that are listed on the Eurex Exchange and are designed to reflect the market expectations of near-term up to long-term volatility by measuring the square root of the implied variances across all options of a given time to expiration. The Index includes 50 stocks that are among the largest free-float market capitalization stocks from 11 Eurozone countries.

21 For additional information regarding VSTOXX, see Securities Exchange Act Release No. 82066 (November 13, 2017), 82 FR 54444 (November 17, 2017) (order approving proposed rule change to amend NYSE Arca Rule 8.700–E and to list and trade shares of the ProShares European Volatility Futures ETF).
under Section 6(b)(5) 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 proposed rule changes are designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

With respect to the proposed amendments to NYSE Rule 5.2(j)(3), the Exchange believes that the proposed change would facilitate the listing and trading of additional types of Equity Index-Linked Securities, which would enhance competition among market participants, to the benefit of investors and the marketplace. In addition, the proposed amendments would provide investors with greater ability to hold Units based on underlying indexes that may accord more closely with an investor’s assessment of market risk.

With respect to the proposed amendments to NYSE Rule 5.2(j)(6), the Exchange believes that the proposed change would facilitate the listing and trading of additional types of Equity Index-Linked Securities, which would enhance competition among market participants, to the benefit of investors and the marketplace. The proposed change would also result in greater efficiencies in the listing process with respect to Equity Index-Linked Securities by eliminating an unnecessary consideration regarding underlying components, which would therefore remove impediments to, and perfect the mechanism of, a free and open market. In addition, the proposed amendment to the Equity Index-Linked Securities listing criteria is intended to protect investors and the public interest in that it is consistent with the manner in which Derivative Securities Products are also excluded from consideration when determining whether the components of an index or portfolio underlying an issue of Units satisfy the applicable listing criteria.

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32 See, e.g., Securities Exchange Act Release No. 54739 (November 9, 2006), 71 FR 66693 (SR–AMEX–2006–78) (order approving generic listing standards for Portfolio Depositary Receipts and Index-Linked Fund Shares based on international or global indexes), in which the Commission stated that "these standards are reasonably designed to ensure that stocks with substantial market capitalization and trading volume account for a substantial portion of any underlying index or portfolio, and that when applied in conjunction with the other applicable listing requirements, will permit the listing only of ETFs that are sufficiently broad-based in scope to minimize potential manipulation."
33 See supra, note 18.
34 See supra, note 19.
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Products and Index-Linked Securities are excluded from the applicable listing criteria for Managed Fund Shares holding equity securities in Supplementary Material .01 to Rule 8.600. Moreover, for shares of Derivative Securities Products that are not listed on an exchange pursuant to an exchange’s generic listing rules, the Commission must first approve an exchange’s proposed rule change under Section 19(b) of the Act regarding a particular Derivative Securities Product or Index-Linked Securities, which is subject to the representations and restrictions included in such proposed rule change. The Exchange also believes it is appropriate to exclude Derivative Securities Products and Index-Linked Securities from the requirement under NYSE Rule 5.2 [(j)(6)(B)(I)(1)(b)(iv)] that 90% of the applicable index’s numerical value and at least 80% of the total number of component securities will meet the criteria for standardized option trading set forth in NYSE Arca Rule 5.3–O. NYSE Arca Rule 5.3–O includes criteria for securities underlying option contracts approved for listing and trading on NYSE Arca. The Exchange does not believe that criteria in NYSE Arca Rule 5.3–O should be applied to Derivative Securities Products and Index-Linked Securities because such securities are subject to separate numerical and other criteria included in the applicable exchange listing rules, including both generic listing rules permitting listing pursuant to Rule 19b–4(e) and non-generic listing rules. Derivative Securities Products and Index-Linked Securities that are the subject of a Commission approval order under Section 19(b) of the Act also are subject to specific representations made in the applicable Rule 19b–4 filing. These include representations regarding the existence of comprehensive surveillance agreements between the applicable exchange and the principal markets for certain financial instruments underlying Derivative Securities Products, or percentage limitations on assets (e.g., non-U.S. stocks, futures options) whose principal market is not a member of the Intermarket Surveillance Group (“ISG”).

The Exchange believes it is appropriate to provide that the weighting limitation for the five highest weighted component securities in an index in NYSE Rules 5.2 [(j)(6)(B)(I)(1)(b)(iii)] and 5.2 [(j)(6)(B)(I)(2)(a)] would apply “to the extent applicable.” When considered in conjunction with the proposed amendment to NYSE Rule 5.2 [(j)(6)(B)(I)(1)(a)] referenced above, this language would make clear that an index that includes Derivative Securities Products or Index-Linked Securities as such changes conform to five component securities. In addition, the phrase “to the extent applicable” is included in Supplementary Material .01(a)/A/(3) to NYSE Rule 5.2 [(j)(3)] for Investment Company Units and Supplementary Material .01(a)/1(C) to NYSE Rule 8.600 for Managed Fund Shares.

The proposed replacement of “investment company units” with “Investment Company Units” in two places in NYSE Rule 5.2 [(j)(6)(B)(I)(1)] is appropriate to conform to other usages of this term in Exchange rules. The proposed replacement of the word “Index” with “index” in two places in Rule 5.2 [(j)(6)(B)(I)(2)(a)] is appropriate as such changes would conform to other usages of this word in Rule 5.2 [(j)(6)(B)(II)(2)].

The proposed amendment to NYSE Rule 8.700(c)(1) to specify that the trust issuing a series of Managed Trust Securities is not an investment company or similar entity makes clear that issuers of Managed Trust Securities are not investment companies under the 1940 Act, and, therefore, distinguishes issuances of Managed Trust Securities from, for example, Managed Fund Shares traded under NYSE Rule 8.600 or Investment Company Units traded under NYSE Rule 5.2[(j)(3)]. In permitting the use of specified swaps, the proposed amendment to NYSE Rule 8.700 would provide additional flexibility to an issuer of Managed Trust Securities seeking to achieve its investment objective. Additionally, swaps would allow parties to replicate desired investment objectives. For these reasons, the Exchange believes that the proposal is consistent with 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 believes the proposed rule change will enhance competition by permitting Exchange trading of additional types of Units, Index-Linked Securities and Managed Trust Securities, which would enhance competition among market participants, 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

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iiii) of the Act 37 and Rule 19b–4(f)(6) thereunder.38 Because the proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b–4(f)(6)(iii) thereunder.39 At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B) 40 of the Act to determine whether the proposed rule change should be approved or 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 email to rule-comments@sec.gov. Please include File Number SR–NYSE–2017–69 on the subject line.

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

All submissions should refer to File Number SR–NYSE–2017–69. This file number should be included on the subject line if email 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 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 Number SR–NYSE–2017–69 and should be submitted on or before January 18, 2018.

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Rule 21.5, Minimum Increments, To Extend the Penny Pilot Program


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 14, 2017, Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) 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 Exchange has designated this proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A) of the Act 3 and Rule 19b–4(f)(6)(iii) thereunder, 4 which renders it effective upon filing with the Commission. 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 for the BZX Options Market (“BZX Options”) to extend through June 30, 2018, the Penny Pilot Program (“Penny Pilot”) in options classes in certain issues (“Pilot Program”) previously approved by the Commission. 5 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.