

the Regulated Funds will receive any additional compensation or remuneration of any kind as a result of or in connection with a Co-Investment Transaction other than (i) in the case of the Regulated Funds, the Affiliated Funds and the FE Proprietary Accounts, the pro rata transaction fees described above and fees or other compensation described in Condition 2(c)(iii)(B)(z), (ii) brokerage or underwriting compensation permitted by section 17(e) or 57(k) or (iii) in the case of the Advisers, investment advisory compensation paid in accordance with investment advisory agreements between the applicable Regulated Fund(s) or Affiliated Fund(s) and its Adviser.

15. *Independence.* If the Holders own in the aggregate more than 25 percent of the Shares of a Regulated Fund, then the Holders will vote such Shares as directed by an independent third party when voting on (1) the election of directors; (2) the removal of one or more directors; or (3) any other matter under either the Act or applicable State law affecting the Board's composition, size or manner of election.

16. *FE Proprietary Accounts.* The FE Proprietary Accounts will not be permitted to invest in a Potential Co-Investment Transaction except to the extent that the aggregate Internal Orders for a Potential Co-Investment Transaction, as described in section III.A.1.b of the application, are less than the total investment opportunity.

For the Commission, by the Division of Investment Management, under delegated authority.

**J. Matthew DeLesDernier,**  
*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-87963; File No. SR-NYSEArca-2019-51]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Amendment No. 2 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 2, Regarding Investments of the Janus Henderson Mortgage-Backed Securities ETF

January 14, 2020.

#### I. Introduction

On July 9, 2019, NYSE Arca, Inc. ("NYSE Arca" or "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 regarding investments of the Janus Henderson Mortgage-Backed Securities ETF ("Fund"), shares of which are currently listed and traded on the Exchange under NYSE Arca Rule 8.600-E ("Managed Fund Shares"). The proposed rule change was published for comment in the **Federal Register** on July 25, 2019.<sup>3</sup>

On September 3, 2019, pursuant to Section 19(b)(2) of the Act,<sup>4</sup> the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.<sup>5</sup> On October 23, 2019, the Commission instituted proceedings under Section 19(b)(2)(B) of the Act<sup>6</sup> to determine whether to approve or disapprove the proposed rule change.<sup>7</sup> On November 13, 2019, the Exchange filed Amendment No. 1 to the proposed rule change. On December 9, 2019, the Exchange filed Amendment No. 2 to the proposed rule change.<sup>8</sup> The Commission has received no comment letters on the proposal. The Commission is publishing this notice to solicit comments on Amendment No. 2 from interested persons, and is approving the proposed rule change, as modified by Amendment No. 2, on an accelerated basis.

#### II. The Exchange's Description of 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 the Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

The Exchange proposes certain changes regarding investments of the Janus Henderson Mortgage-Backed Securities ETF ("Fund"), shares ("Shares") of which are currently listed and traded on the Exchange under NYSE Arca Rule 8.600-E, which governs the listing and trading of Managed Fund Shares<sup>9</sup> on the Exchange. Shares of the Fund commenced listing and trading on the Exchange on September 12, 2018 under the generic listing standards under Commentary .01 to NYSE Arca Rule 8.600-E.

The Fund is a series of Janus Detroit Street Trust ("Trust").<sup>10</sup> Janus Capital Management LLC is the Fund's investment adviser ("Adviser"). State Street Bank and Trust Company is the custodian and transfer agent ("Transfer Agent") for the Fund. ALPS Distributors, Inc. is the distributor ("Distributor") for the Fund's Shares.

Commentary .06 to Rule 8.600-E 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 and maintain a "fire wall" between the investment adviser and the broker-dealer with respect to access to

<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. 86417 (July 19, 2019), 84 FR 35910.

<sup>4</sup> 15 U.S.C. 78s(b)(2).

<sup>5</sup> See Securities Exchange Act Release No. 86855, 84 FR 47337 (September 9, 2019).

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

<sup>7</sup> See Securities Exchange Act Release No. 87385, 84 FR 57921 (October 29, 2019).

<sup>8</sup> In Amendment No. 2, which amended and replaced the proposed rule change, as modified by Amendment No. 1, in its entirety, the Exchange (i) clarified the principal and non-principal investments of the Fund; (ii) clarified the Fund's compliance and non-compliance with specific provisions of NYSE Arca Rule 8.600-E; (iii) stated where to find price and quotation information for certain holdings of the Fund; (iv) made additional representations regarding surveillance of trading with respect to options on futures and municipal obligations, which are permitted investments of the Fund; and (v) made conforming, non-substantive and technical changes. Amendment No. 2 is available at: <https://www.sec.gov/comments/sr-nysearca-2019-51/srnysearca201951-6523187-200391.pdf>.

<sup>9</sup> A Managed Fund Share is a security that represents an interest in an investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1) ("1940 Act") organized as an open-end investment company or similar entity that invests in a portfolio of securities selected by its investment adviser consistent with its investment objectives and policies. In contrast, an open-end investment company that issues Investment Company Units, listed and traded on the Exchange under NYSE Arca Rule 5.2-E(j)(3), seeks to provide investment results that correspond generally to the price and yield performance of a specific foreign or domestic stock index, fixed income securities index or combination thereof.

<sup>10</sup> The Trust is registered under the 1940 Act. On February 28, 2019, the Trust filed with the Commission a registration statement on Form N-1A under the Securities Act of 1933 (15 U.S.C. 77a) and the 1940 Act relating to the Fund (File Nos. 333-207814 and 811-23112) (the "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. 31540 (March 30, 2015) ("Exemptive Order").

information concerning the composition and/or changes to such investment company portfolio.<sup>11</sup> In addition, Commentary .06 further requires that personnel who make decisions on the open-end fund's portfolio composition must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the open-end fund's portfolio. The Adviser is not registered as a broker-dealer but is affiliated with a broker-dealer and has implemented and will maintain a fire wall with respect to such broker-dealer affiliate regarding access to information concerning the composition and/or changes to the portfolio. In the event (a) the Adviser becomes registered as a broker-dealer or newly affiliated with one or more broker-dealers, or (b) any new adviser or sub-adviser is a registered broker-dealer or becomes affiliated with a broker-dealer, it will implement and maintain a fire wall with respect to its relevant personnel or its broker-dealer affiliate 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.

#### Janus Henderson Mortgage-Backed Securities ETF

#### Principal Investments

According to the Registration Statement, the Fund's investment objective is to seek a high level of total return consisting of income and capital appreciation.

<sup>11</sup> 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.

Under normal market conditions,<sup>12</sup> the Fund will invest at least 80% of its net assets in a portfolio of "Mortgage-Related Fixed Income Instruments" (as described below) of varying maturities, and in exchange-traded funds ("ETFs")<sup>13</sup> that invest principally in mortgage-backed securities. The Mortgage-Related Fixed Income Instruments<sup>14</sup> in which the Fund may invest are the following:<sup>15</sup> Agency and non-agency residential mortgage-backed securities ("RMBS"), agency and non-agency commercial mortgage-backed securities ("CMBS"), agency and non-agency collateralized mortgage obligations, including stripped mortgage-backed securities<sup>16</sup> ("CMOs"), and asset-backed securities ("ABS").<sup>17</sup>

For purposes of this filing, non-agency RMBS, non-agency CMBS, non-agency CMOs, and ABS are referred to collectively as "Private ABS/MBS."

The Fund will typically enter into "to be announced" or "TBA" commitments and utilize mortgage dollar rolls when purchasing mortgage-backed securities.

The Fund may enter into short sales of any securities in which the Fund may invest.

#### Other Investments

While the Fund, under normal market conditions, will invest at least 80% of its net assets in the securities and other financial instruments described under "Principal Investments" above, the Fund may invest its remaining assets in the securities and financial instruments described below.

<sup>12</sup> The term "normal market conditions" is defined in NYSE Arca Rule 8.600-E(c)(5).

<sup>13</sup> For purposes of this filing, "ETFs" are Investment Company Units (as described in NYSE Arca Rule 5.2-E(j)(3)); Portfolio Depositary Receipts (as described in NYSE Arca Rule 8.100-E); and Managed Fund Shares (as described in NYSE Arca Rule 8.600-E). All ETFs will be listed and traded in the U.S. on a national securities exchange.

<sup>14</sup> The Mortgage-Related Fixed Income Instruments in which the Fund invests may be structured as pass-through securities.

<sup>15</sup> Under normal market conditions, the Fund will invest principally in Mortgage-Related Fixed Income Instruments issued by the U.S. government and its agencies and government-sponsored entities, such as the Government National Mortgage Association ("GNMA" or "Ginnie Mae"), the Federal National Mortgage Association ("FNMA" or "Fannie Mae") or the Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac").

<sup>16</sup> Stripped mortgage-backed securities are securities where mortgage payments are divided up between paying the loan's principal and paying the loan's interest.

<sup>17</sup> The Fund will typically invest in ABS backed by pools of home equity loans and other mortgage-related debt. ABS are collateralized by pools of obligations or assets. ABS may take the form of commercial paper, notes, or pass-through certificates and may be structured as floaters, inverse floaters, interest-only and principal-only obligations.

The Fund may hold cash and cash equivalents.<sup>18</sup>

The Fund may hold the following fixed income securities ("Other Fixed Income Securities"):

- U.S. government securities (other than cash equivalents);
- industrial development bonds;
- inflation-indexed bonds, including municipal inflation-indexed bonds and corporate inflation-indexed bonds;
- municipal obligations, including municipal lease obligations, pre-refunded municipal bonds, municipal warrants, municipal obligations with credit enhancements, residual interest bonds, custodial receipts, and Build America Bonds;
- variable and floating rate obligations (including inverse floaters and floaters);
- subordinated or junior debt;
- corporate bonds, debentures, and notes;
- zero coupon, step coupon and pay-in-kind securities;
- agency and non-agency collateralized loan obligations ("CLOs");<sup>19</sup>
- strip bonds;
- when-issued and/or delayed-delivery securities (other than mortgage TBAs);
- tender option bonds;
- bank obligations, including standby commitments, and bank capital securities; and
- trade claims.

The Fund may hold the following U.S. exchange-listed derivative instruments: Futures, options (including options on futures), and swaps on commodities, currencies, U.S. and non-U.S. equity securities, fixed income securities as defined in Commentary .01(b) to Rule 8.600-E, interest rates, U.S. Treasuries, or a basket or index of any of the foregoing. Such listed derivatives will comply with the criteria in Commentary .01(d) of NYSE Arca Rule 8.600-E.

<sup>18</sup> For purposes of this filing, cash equivalents are the securities included in Commentary .01(c) to NYSE Arca Rule 8.600-E.

<sup>19</sup> For purposes of this filing, non-agency CLOs are excluded from the definition of "Private ABS/MBS." For avoidance of doubt, the Fund will comply with Commentary.01(b)(5) to NYSE Arca Rule 8.600-E, which provides that non-agency, non-government-sponsored entity ("GSE") and privately-issued mortgage-related and other asset-backed securities components of a portfolio shall not account, in the aggregate, for more than 20% of the weight of the portfolio. For purposes of this filing, all non-agency, non-GSE and privately-issued mortgage-related and other asset-backed securities components of the Fund's portfolio, including, without limitation, Private ABS/MBS and non-agency CLOs, shall not account, in the aggregate, for more than 20% of the weight of the Fund's portfolio.

The Fund may hold the following over-the-counter (“OTC”) derivative instruments: Forwards, options, and OTC total return swaps on commodities, currencies, U.S. and non-U.S. equity securities, fixed income securities as defined in Commentary .01(b) to Rule 8.600–E, interest rates, or a basket or index of any of the foregoing. The Fund also may hold OTC credit default swaps.

The Fund may enter into OTC options on swap agreements (“swaptions”).

The Fund’s holdings in OTC derivatives will comply with the criteria in Commentary .01(e) of NYSE Arca Rule 8.600–E.

The Fund may invest in ETFs other than ETFs that invest principally in mortgage-backed securities.<sup>20</sup>

The Fund may invest in securities of non-exchange-traded investment company securities, subject to applicable limitations under Section 12(d)(1) of the 1940 Act.

The Fund may invest in private placements, restricted securities and Rule 144A securities.

All (1) Mortgage-Related Fixed Income Instruments other than Private ABS/MBS, and (2) Other Fixed Income Securities will meet the requirements of Commentary .01(b)(4) to Rule 8.600–E.

The Fund will not invest in securities or other financial instruments that have not been described in this proposed rule change.

#### Other Restrictions

The Fund’s investments, including derivatives, will be consistent with the Fund’s investment objective and will not be used to enhance leverage (although certain derivatives and other investments may result in leverage). That is, while the Fund will be permitted to borrow as permitted under the 1940 Act, the Fund’s investments will not be used to seek performance that is the multiple or inverse multiple (e.g., 2Xs and 3Xs) of the Fund’s primary broad-based securities benchmark index (as defined in Form N–1A).<sup>21</sup>

#### The Fund’s Use of Derivatives

Investments in derivative instruments will be made in accordance with the Fund’s investment objective and policies.

To limit the potential risk associated with such transactions, the Fund will enter into offsetting transactions or segregate or “ earmark ” assets determined to be liquid by the Adviser

in accordance with procedures established by the Trust’s Board of Trustees (the “Board”). In addition, the Fund has included appropriate risk disclosure in its offering documents, including leveraging risk. Leveraging risk is the risk that certain transactions of the Fund, including the Fund’s use of derivatives, may give rise to leverage, causing the Fund to be more volatile than if it had not been leveraged.

#### Creation and Redemption of Shares

According to the Registration Statement, the Trust will issue and redeem Shares only in “Creation Units” of at least 25,000 Shares on a continuous basis at their NAV per Share next determined after receipt of an order on any business day. The size of a Creation Unit is subject to change. The consideration for purchase of Creation Units of the Fund generally consists of cash. If creations are not conducted in cash, the consideration for purchase of Creation Units of the Fund generally consists of the in-kind deposit of a designated portfolio of securities (including any portion of such securities for which cash may be substituted) (“Deposit Securities”) and the Cash Component computed as described below. Together, the Deposit Securities and the Cash Component constitute the “Fund Deposit,” which will be applicable to creation requests received in proper form. The Fund Deposit represents the minimum initial and subsequent investment amount for a Creation Unit of a Fund.

The “Cash Component” is an amount equal to the difference between the NAV of the Shares (per Creation Unit) and the “Deposit Amount,” which is an amount equal to the market value of the Deposit Securities, and serves to compensate for any differences between the NAV per Creation Unit and the Deposit Amount.

Janus Capital makes available through the National Securities Clearing Corporation (“NSCC”) on each business day prior to the opening of business on the Exchange, the list of names and the required number or par value of each Deposit Security and the amount of the Cash Component to be included in the current Fund Deposit (based on information as of the end of the previous business day for the Fund). Such Fund Deposit is applicable to purchases of Creation Units of Shares of the Fund until such time as the next-announced Fund Deposit is made available.

The Fund reserves the right to permit or require the substitution of a “cash in lieu” amount to be added to the Cash Component to replace any Deposit Security that may not be available in

sufficient quantity for delivery or that may not be eligible for transfer through Depository Trust Company (“DTC”) or the Clearing Process (as discussed below). The Fund also reserves the right to permit or require a “cash in lieu” amount in certain circumstances, including circumstances in which (i) the delivery of the Deposit Security by the Authorized Participant (as described below) would be restricted under applicable securities or other local laws or (ii) the delivery of the Deposit Security to the Authorized Participant would result in the disposition of the Deposit Security by the Authorized Participant becoming restricted under applicable securities or other local laws, or in certain other situations.

#### Procedures for Creating Creation Units

To be eligible to place orders with the Distributor and to create a Creation Unit of the Fund, an entity must be: (i) A “Participating Party,” *i.e.*, a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of the NSCC (the “Clearing Process”) or (ii) a DTC Participant, and must have executed an agreement with the Distributor, with respect to creations and redemptions of Creation Units (“Authorized Participant Agreement”). A Participating Party or DTC Participant who has executed an Authorized Participant Agreement is referred to as an “Authorized Participant.” Creation Units may be purchased only by or through a DTC Participant that has entered into an Authorized Participant Agreement with the Distributor.

#### Purchase Orders

To initiate an order for a Creation Unit, an Authorized Participant must submit to the Distributor or its agent an irrevocable order to purchase Shares of the Fund, in proper form, by the “Cutoff Time” (as defined below).

An Authorized Participant must submit an irrevocable order to purchase Shares of the Fund generally before 3:00 p.m. (“Cutoff Time”), Eastern time (“E.T.”) on any business day in order to receive that day’s NAV. Purchase orders and redemption requests, if accepted by the Trust, will be processed based on the NAV next determined after such acceptance.

#### Redemption of Creation Units

Shares of the Fund may be redeemed by Authorized Participants only in Creation Units at their NAV next determined after receipt of a redemption request in proper form by the Transfer Agent or its agent and only on a business day.

<sup>20</sup> See note 13, *supra*.

<sup>21</sup> The Fund’s broad-based securities benchmark index will be identified in a future amendment to the Registration Statement following the Fund’s first full calendar year of performance.

Janus Capital will make available through the NSCC, prior to the opening of business on the Exchange (currently 9:30 a.m. E.T.) on each business day, the designated portfolio of securities (including any portion of such securities for which cash may be substituted) that will be applicable to redemption requests received in proper form on that day ("Fund Securities"), and an amount of cash (the "Cash Amount," as described below). Fund Securities received on redemption may not be identical to Deposit Securities that are applicable to creations of Creation Units.

The redemption proceeds for a Creation Unit generally consist of Fund Securities, plus the Cash Amount, which is an amount equal to the difference between the net asset value of the Shares being redeemed, as next determined after the receipt of a redemption request in proper form, and the value of Fund Securities, less a redemption transaction fee.

The Trust may, in its sole discretion, substitute a "cash in lieu" amount to replace any Fund Security. The Trust also reserves the right to permit or require a "cash in lieu" amount in certain circumstances. The amount of cash paid out in such cases will be equivalent to the value of the substituted security listed as a Fund Security. In the event that the Fund Securities have a value greater than the NAV of the Shares, a compensating cash payment equal to the difference is required to be made by or through an Authorized Participant by the redeeming shareholder. The Fund generally redeems Creation Units in Fund Securities, plus any Cash Amount due.

#### Cash Redemption Method

Although the Trust will not ordinarily permit partial or full cash redemptions of Creation Units of the Fund, when partial or full cash redemptions of Creation Units are available or specified they will be effected in essentially the same manner as in-kind redemptions thereof. In the case of partial or full cash redemption, the Authorized Participant receives the cash equivalent of the Fund Securities it would otherwise receive through an in-kind redemption, plus the same Cash Amount to be paid to an in-kind redeemer.<sup>22</sup>

<sup>22</sup> The Adviser represents that, to the extent the Trust effects the creation or redemption of Shares in cash on any given day, such transactions will be effected in the same manner for all Authorized Participants placing trades with the Fund on that day.

#### Placement of Redemption Orders

Redemption requests for Creation Units of the Fund must be submitted to the Transfer Agent by or through an Authorized Participant. An Authorized Participant must submit an irrevocable request to redeem Shares of the Fund generally before 3:00 p.m., E.T. on any business day, in order to receive that day's NAV.

#### Disclosed Portfolio

The Fund's disclosure of derivative positions in the applicable Disclosed Portfolio includes information that market participants can use to value these positions intraday. On a daily basis, the Fund will disclose the information regarding the Disclosed Portfolio required under NYSE Arca Rule 8.600-E (c)(2) to the extent applicable. The Fund's website information will be publicly available at no charge.

#### Impact on Arbitrage Mechanism

The Adviser believes there will be minimal impact to the arbitrage mechanism as a result of the use of derivatives. Market makers and participants should be able to value derivatives as long as the positions are disclosed with relevant information. The Adviser believes that the price at which Shares trade will continue to be disciplined by arbitrage opportunities created by the ability to purchase or redeem Shares at their NAV, which should ensure that Shares will not trade at a material discount or premium in relation to their NAV.

The Adviser does not believe there will be any significant impacts to the settlement or operational aspects of the Fund's arbitrage mechanism due to the use of derivatives. Because derivatives generally are not eligible for in-kind transfer, they will typically be substituted with a "cash in lieu" amount when the Fund processes purchases or redemptions of creation units in-kind.

#### Application of Generic Listing Requirements

The Exchange is submitting this proposed rule change because the portfolio for the Fund will not meet all of the "generic" listing requirements of Commentary .01 to NYSE Arca Rule 8.600-E applicable to the listing of Managed Fund Shares. The Fund's portfolio would meet all such requirements except for those set forth in Commentary .01(a)(1) with respect to non-exchange traded investment

company securities<sup>23</sup> and Commentary .01(b)(4)<sup>24</sup> to NYSE Arca Rule 8.600-E with respect to Private ABS/MBS.

The Fund will not comply with the requirements in Commentary .01(b)(4) to Rule 8.600-E that component securities that in the aggregate account for at least 90% of the fixed income weight of the portfolio meet one of the criteria specified in Commentary .01(b)(4), because certain Private ABS/MBS by their nature cannot satisfy the

<sup>23</sup> Commentary .01(a) to Rule 8.600-E specifies the equity securities accommodated by the generic criteria in Commentary .01(a), namely, U.S. Component Stocks (as described in Rule 5.2-E(j)(3)) and Non-U.S. Component Stocks (as described in Rule 5.2-E(j)(3)). Commentary .01(a)(1) to Rule 8.600-E (U.S. Component Stocks) provides that the component stocks of the equity portion of a portfolio that are U.S. Component Stocks shall meet the following criteria initially and on a continuing basis:

(A) Component stocks (excluding Derivative Securities Products and Index-Linked Securities) that in the aggregate account for at least 90% of the equity weight of the portfolio (excluding such Derivative Securities Products and Index-Linked Securities) each shall have a minimum market value of at least \$75 million;

(B) Component stocks (excluding Derivative Securities Products and Index-Linked Securities) that in the aggregate account for at least 70% of the equity weight of the portfolio (excluding such Derivative Securities Products and Index-Linked Securities) each shall have a minimum monthly trading volume of 250,000 shares, or minimum notional volume traded per month of \$25,000,000, averaged over the last six months;

(C) The most heavily weighted component stock (excluding Derivative Securities Products and Index-Linked Securities) shall not exceed 30% of the equity weight of the portfolio, and, to the extent applicable, the five most heavily weighted component stocks (excluding Derivative Securities Products and Index-Linked Securities) shall not exceed 65% of the equity weight of the portfolio;

(D) Where the equity portion of the portfolio does not include Non-U.S. Component Stocks, the equity portion of the portfolio shall include a minimum of 13 component stocks; provided, however, that there shall be no minimum number of component stocks if (i) one or more series of Derivative Securities Products or Index-Linked Securities constitute, at least in part, components underlying a series of Managed Fund Shares, or (ii) one or more series of Derivative Securities Products or Index-Linked Securities account for 100% of the equity weight of the portfolio of a series of Managed Fund Shares; and

(E) Except as provided herein, equity securities in the portfolio shall be U.S. Component Stocks listed on a national securities exchange and shall be NMS Stocks as defined in Rule 600 of Regulation NMS under the Securities Exchange Act of 1934.

<sup>24</sup> Commentary .01(b)(4) provides that component securities that in the aggregate account for at least 90% of the fixed income weight of the portfolio must be either: (a) From issuers that are required to file reports pursuant to Sections 13 and 15(d) of the Act; (b) from issuers that have a worldwide market value of its outstanding common equity held by non-affiliates of \$700 million or more; (c) from issuers that have outstanding securities that are notes, bonds debentures, or evidence of indebtedness having a total remaining principal amount of at least \$1 billion; (d) exempted securities as defined in Section 3(a)(12) of the Act; or (e) from issuers that are a government of a foreign country or a political subdivision of a foreign country.

criteria in Commentary .01(b)(4).<sup>25</sup> Instead, the Exchange proposes that the Fund's investments in (1) Mortgage-Related Fixed Income Instruments other than Private ABS/MBS, and (2) Other Fixed Income Securities will be required to comply with the requirements of Commentary .01(b)(4). The Exchange believes that excluding Private ABS/MBS from the 90% calculation in Commentary .01(b)(4) is consistent with the Act because the Fund's portfolio will minimize the risk to the overall Fund associated with any particular holding of the Fund as a result of the diversification provided by the investments and the Adviser's selection process, which closely monitors investments to ensure maintenance of credit and liquidity standards. Further, the Exchange believes that this alternative limitation is appropriate because Commentary .01(b)(4) to Rule 8.600–E is not designed for structured finance vehicles such as Private ABS/MBS. The Exchange notes that all (1) Mortgage-Related Fixed Income Instruments other than Private ABS/MBS, and (2) Other Fixed Income Securities will meet the requirements of Commentary .01(b)(4) to Rule 8.600–E.

The Exchange notes that the Commission has previously approved the listing of Managed Fund Shares with similar investment objectives and strategies without imposing requirements that a certain percentage of such funds' securities meet one of the criteria comparable to those set forth in Commentary .01(b)(4).<sup>26</sup>

<sup>25</sup> Private ABS/MBS are generally issued by special purpose vehicles in amounts smaller than the minimum dollar threshold set forth in Commentary .01(b)(4), so the criteria in Commentary .01(b)(4) to Rule 8.600–E regarding an issuer's market capitalization and the remaining principal amount of an issuer's securities are typically unavailable with respect to Private ABS/MBS, even though such Private ABS/MBS may own significant assets.

<sup>26</sup> See, e.g., Securities Exchange Act Release Nos. 67894 (September 20, 2012), 77 FR 59227 (September 26, 2012) (SR–BATS–2012–033) (order approving the listing and trading of shares of the iShares Short Maturity Bond Fund); 70342 (September 6, 2013), 78 FR 56256 (September 12, 2013) (SR–NYSEArca19–2013–71) (order approving the listing and trading of shares of the SPDR SSgA Ultra Short Term Bond ETF, SPDR SSgA Conservative Ultra Short Term Bond ETF and SPDR SSgA Aggressive Ultra Short Term Bond ETF). See also, Securities Exchange Act Release Nos. 84047 (September 6, 2018), 83 FR 46200 (September 12, 2018) (SR–NASDAQ–2017–128) (Notice of Filing of Amendment No. 3 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 3, to List and Trade Shares of the Western Asset Total Return ETF); 85022 (January 31, 2019), 25 FR 2265 (February 6, 2019) (SR–NASDAQ–2018–080) (Notice of Filing of Amendment No. 3 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1, 2 and 3, To List and Trade Shares of the BrandywineGLOBAL-Global Total Return ETF).

The Fund may invest in non-exchange-traded investment company securities, which are equity securities. Because such securities have a net asset value based on the value of securities and financial assets the investment company holds, the Exchange believes it is both unnecessary and inappropriate to apply to such investment company securities the criteria in Commentary .01(a)(1).<sup>27</sup>

The Exchange notes that the Commission has previously approved the listing of Managed Fund Shares with similar investment objectives and strategies where such funds were permitted to invest in the shares of other registered investment companies that are not ETFs or money market funds.<sup>28</sup>

The Adviser represents that the proposed exceptions from the requirements of Commentary .01 to Rule 8.600–E described above are consistent with the Fund's investment objective, and will further assist the Adviser to achieve such investment objective. Deviations from the generic requirements are necessary for the Fund to achieve its investment objective in a manner that is cost-effective and that maximizes investors' returns. Further, the proposed alternative requirements are narrowly tailored to allow the Fund to achieve its investment objective in manner that is consistent with the principles of Section 6(b)(5) of the Act. As a result, it is in the public interest to approve listing and trading of Shares of the Fund on the Exchange pursuant to the requirements set forth herein.

The Exchange notes that, other than Commentary .01(a)(1) with respect to non-exchange traded investment company securities and Commentary

<sup>27</sup> The Commission has previously approved proposed rule changes under Section 19(b) of the Act for series of Managed Fund Shares that may invest in non-exchange traded investment company securities. See, e.g., Securities Exchange Act Release No. 85244 (March 4, 2019), 84 FR 8553 (March 8, 2019) (SR–NYSEArca19–2018–82) (Order Granting Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1 and 2, Regarding Certain Changes Relating to Investments of the PGIM Active High Yield Bond ETF).

<sup>28</sup> See, e.g., Securities Exchange Act Release Nos. 79053 (October 5, 2016), 81 FR 70468 (October 12, 2016) (SR19–BatsBZX–2016–35) (permitting the JPMorgan Global Bond Opportunities ETF to invest in “investment company securities that are not ETFs”); 74297 (February 18, 2015), 80 FR 9788 (February 24, 2015) (SR–BATS–2014–056) (permitting the U.S. Fixed Income Balanced Risk ETF to invest in “exchange traded and non-exchange traded investment companies (including investment companies advised by the Adviser or its affiliates) that invest in such Fixed Income Securities”); 83319 (May 24, 2018), 83 FR 25097 (May 31, 2018) (SR–NYSEArca19–2018–15), (Order Approving a Proposed Rule Change, as Modified by Amendment No. 1 Thereto, to Continue Listing and Trading Shares of the PGIM Ultra Short Bond ETF under NYSE Arca Rule 8.600–E).

.01(b)(4) to Rule 8.600–E with respect to Private ABS/MBS, as described above, the Fund's portfolio will meet all other requirements of Rule 8.600–E.

#### Availability of Information

The Fund's website ([www.janushenderson.com](http://www.janushenderson.com)), which is publicly available, includes a form of the prospectus for the Fund that may be downloaded. The Fund's website includes additional quantitative information updated on a daily basis, including, for the Fund, (1) daily trading volume, the prior business day's reported closing price, NAV and mid-point of the bid/ask spread at the time of calculation of such NAV (the “Bid/Ask Price”),<sup>29</sup> and a calculation of the premium and discount of the Bid/Ask Price against the NAV, and (2) data in chart format displaying the frequency distribution of discounts and premiums of the daily Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters. On each business day, before commencement of trading in Shares in the Core Trading Session on the Exchange, the Adviser discloses on the Fund's website the Disclosed Portfolio for the Fund as defined in NYSE Arca Rule 8.600–E(c)(2) that will form the basis for the Fund's calculation of NAV at the end of the business day.<sup>30</sup>

Investors can also obtain the Trust's Statement of Additional Information (“SAI”), the Fund's Shareholder Reports, and its Form N–CSR and Form N–SAR, filed twice a year. The Trust's SAI and Shareholder Reports are available free upon request from the Trust, and those documents and the Form N–CSR and Form N–SAR may be viewed on-screen or downloaded from the Commission's website at [www.sec.gov](http://www.sec.gov).

Quotation and last sale information for the Shares and ETFs will be available via the CTA high speed line. Price information for U.S. and foreign exchange-traded futures, options, options on futures and swaps will be available from the exchange on which they are listed. Quotation and last sale information for exchange-listed options

<sup>29</sup> The Bid/Ask Price of the Fund's Shares will be determined using the mid-point of the highest bid and the lowest offer on the Exchange as of the time of calculation of the Fund's NAV. The records relating to Bid/Ask Prices are retained by the Fund and/or its service providers.

<sup>30</sup> Under accounting procedures to be followed by the Fund, trades made on the prior business day (“T”) are booked and reflected in NAV on the current business day (“T+1”). Accordingly, the Fund is able to disclose at the beginning of the business day the portfolio that will form the basis for the NAV calculation at the end of the business day.

cleared via the Options Clearing Corporation also will be available via the Options Price Reporting Authority. Information regarding market price and trading volume for the Shares is continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services. Information regarding the previous day's closing price and trading volume information for the Shares are published daily in the financial section of newspapers.

Quotation information for Mortgage-Related Fixed Income Instruments, Other Fixed Income Securities, OTC derivatives and cash equivalents may be obtained from brokers and dealers who make markets in such securities or through nationally recognized pricing services through subscription agreements. Price information for OTC derivative instruments 144A securities, non-exchange-traded investment company securities, private placement securities and restricted securities is available from major market data vendors. Price information relating to municipal obligations is available through the Municipal Securities Rulemaking Board's ("MSRB") EMMA system.

In addition, the Portfolio Indicative Value ("PIV"), as defined in NYSE Arca Rule 8.600-E(c)(3), is widely disseminated by one or more major market data vendors at least every 15 seconds during the Core Trading Session.<sup>31</sup> The dissemination of the PIV, together with the Disclosed Portfolio, allows investors to determine the approximate value of the underlying portfolio of the Fund on a daily basis and provides a close estimate of that value throughout the trading day.

#### Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Fund.<sup>32</sup> Trading in Shares of the Fund will be halted if the circuit breaker parameters in NYSE Arca Rule 7.12-E have been reached. Trading also may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares of the Fund inadvisable.

Trading in the Shares will be subject to NYSE Arca Rule 8.600-E(d)(2)(D), which sets forth circumstances under which Shares of the Fund may be halted.

#### Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. Shares will trade on the NYSE Arca Marketplace from 4:00 a.m. to 8:00 p.m. E.T. in accordance with NYSE Arca Rule 7.34-E (Early, Core, and Late Trading Sessions). The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in NYSE Arca Rule 7.6-E, the minimum price variation ("MPV") for quoting and entry of orders in equity securities traded on the NYSE Arca Marketplace is \$0.01, with the exception of securities that are priced less than \$1.00 for which the MPV for order entry is \$0.0001.

Except as described herein, the Shares of the Fund will conform to the continued listing criteria under NYSE Arca Rule 8.600-E. The Exchange represents that, for continued listing, the Fund will be in compliance with Rule 10A-3<sup>33</sup> under the Act, as provided by NYSE Arca Rule 5.3-E. The Exchange has obtained a representation from the issuer of the Shares of the Fund that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time.

#### Surveillance

The Exchange represents that trading in the Shares is subject to the existing trading surveillances administered by the Exchange, as well as cross-market surveillances administered by the Financial Industry Regulatory Authority ("FINRA") on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws.<sup>34</sup> The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws.

The surveillances referred to above generally focus on detecting securities trading outside their normal patterns, which could be indicative of manipulative or other violative activity. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations.

The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares, ETFs, certain futures, and certain exchange-traded options and options on futures with other markets and other entities that are members of the Intermarket Surveillance Group ("ISG"), and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading such securities and financial instruments from such markets and other entities. In addition, the Exchange may obtain information regarding trading in such securities and financial instruments from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.<sup>35</sup> FINRA, on behalf of the Exchange, is able to access, as needed, trade information for certain fixed income securities held by the Fund reported to FINRA's Trade Reporting and Compliance Engine ("TRACE"). FINRA also can access data obtained from the MSRB relating to municipal obligations trading activity for surveillance purposes in connection with trading in the Shares.

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

All statements and representations made in this filing regarding (a) the description of the portfolio holdings or reference assets, (b) limitations on portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in this rule filing shall constitute continued listing requirements for listing the Shares on the Exchange.

The issuer has represented to the Exchange that it will advise the Exchange of any failure by the Fund to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will monitor for compliance with the continued listing requirements. If the Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under NYSE Arca Rule 5.5-E(m).

#### Information Bulletin

The Exchange will inform its Equity Trading Permit ("ETP") Holders in an

<sup>31</sup> Currently, it is the Exchange's understanding that several major market data vendors display and/or make widely available PIVs taken from the CTA or other data feeds.

<sup>32</sup> See NYSE Arca Rule 7.12-E.

<sup>33</sup> 17 CFR 240 10A-3.

<sup>34</sup> FINRA conducts cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement.

<sup>35</sup> For a list of the current members of ISG, see [www.isgportal.org](http://www.isgportal.org). 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.

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

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

## 2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)<sup>36</sup> that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Rule 8.600–E. The Adviser is not registered as a broker-dealer but is affiliated with a broker-dealer and has implemented and will maintain a fire wall with respect to such broker-dealer affiliate regarding access to information concerning the composition and/or changes to the portfolio. The Exchange represents that trading in the Shares is subject to the existing trading surveillances administered by the

Exchange, as well as cross-market surveillances administered by FINRA on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws. The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws.

The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares, ETFs, certain futures, and certain exchange-traded options and options on futures with other markets and other entities that are members of the ISG, and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading such securities and financial instruments from such markets and other entities. In addition, the Exchange may obtain information regarding trading in such securities and financial instruments from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. FINRA, on behalf of the Exchange, is able to access, as needed, trade information for certain fixed income securities held by the Fund reported to FINRA's TRACE. FINRA also can access data obtained from the MSRB relating to municipal obligations trading activity for surveillance purposes in connection with trading in the Shares.

Except as described herein, the Shares of the Fund will conform to the continued listing criteria under NYSE Arca Rule 8.600–E. The Exchange represents that, for continued listing, the Fund will be in compliance with Rule 10A–3 under the Act, as provided by NYSE Arca Rule 5.3–E. The Exchange has obtained a representation from the issuer of the Shares of the Fund that the NAV per Share is calculated daily and that the NAV and the Disclosed Portfolio are made available to all market participants at the same time. In addition, a large amount of information is publicly available regarding the Fund and the Shares, thereby promoting market transparency. The Fund's portfolio holdings are disclosed on its website daily after the close of trading on the Exchange and prior to the opening of trading on the Exchange the following day. On a daily basis, the Fund discloses the information regarding the Disclosed Portfolio required under NYSE Arca Rule 8.600–E (c)(2) to the extent applicable. The Fund's website

information is publicly available at no charge.

Investors can also obtain the Trust's SAI, the Fund's Shareholder Reports, and its Form N–CSR and Form N–SAR, filed twice a year. The Trust's SAI and Shareholder Reports are available free upon request from the Trust, and those documents and the Form N–CSR and Form N–SAR may be viewed on-screen or downloaded from the Commission's website at [www.sec.gov](http://www.sec.gov).

The website for the Fund includes a form of the prospectus for the Fund and additional data relating to NAV and other applicable quantitative information. Trading in Shares of the Fund will be halted if the circuit breaker parameters in NYSE Arca Rule 7.12–E have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable, and trading in the Shares will be subject to NYSE Arca Rule 8.600–E(d)(2)(D), which sets forth circumstances under which Shares of the Fund may be halted. In addition, as noted above, investors have ready access to information regarding the Fund's holdings, the PIV, the Disclosed Portfolio, and quotation and last sale information for the Shares. The Fund's investments, including derivatives, will be consistent with the Fund's investment objective and will not be used to enhance leverage (although certain derivatives and other investments may result in leverage). That is, while the Fund will be permitted to borrow as permitted under the 1940 Act, the Fund's investments will not be used to seek performance that is the multiple or inverse multiple (e.g., 2Xs and 3Xs) of the Fund's primary broad-based securities benchmark index (as defined in Form N–1A).

With respect to the Fund's investment in Private ABS/MBS, the proposed non-compliance with the requirements in Commentary .01(b)(4) to Rule 8.600–E that component securities that in the aggregate account for at least 90% of the fixed income weight of the portfolio meet one of the criteria specified in Commentary .01(b)(4) is appropriate because certain Private ABS/MBS by their nature cannot satisfy the criteria in Commentary .01(b)(4). Instead, the Exchange proposes that the Fund's investments in (1) Mortgage-Related Fixed Income Instruments other than Private ABS/MBS, and (2) Other Fixed Income Securities will be required to comply with the requirements of Commentary .01(b)(4). The Exchange believes that excluding Private ABS/MBS from the 90% calculation in Commentary .01(b)(4) is consistent with

<sup>36</sup> 15 U.S.C. 78f(b)(5).



the Act because the Fund's portfolio will minimize the risk to the overall Fund associated with any particular holding of the Fund as a result of the diversification provided by the investments and the Adviser's selection process, which closely monitors investments to ensure maintenance of credit and liquidity standards. Further, the Exchange believes that this alternative limitation is appropriate because Commentary .01(b)(4) to Rule 8.600–E is not designed for structured finance vehicles such as Private ABS/MBS. The Exchange notes that all (1) Mortgage-Related Fixed Income Instruments other than Private ABS/MBS, and (2) Other Fixed Income Securities will meet the requirements of Commentary .01(b)(4) to Rule 8.600–E. Non-agency, non-GSE and privately-issued mortgage-related and other asset-backed securities components of the Fund's portfolio shall not account, in the aggregate, for more than 20% of the weight of the portfolio and, therefore, the Fund will comply with Commentary .01(b)(5) to NYSE Arca Rule 8.600–E.

The Exchange notes that the Commission has previously approved the listing of Managed Fund Shares with similar investment objectives and strategies without imposing requirements that a certain percentage of such funds' securities meet one of the criteria set forth in Commentary .01(b)(4).<sup>37</sup>

The Fund may invest in shares of non-exchange-traded open-end management investment company securities, which are equity securities. Therefore, the Fund will not comply with the requirements of Commentary .01(a)(1) to NYSE Arca Rule 8.600–E (U.S. Component Stocks) with respect to its equity securities holdings. It is appropriate and in the public interest to approve listing and trading of Shares of the Fund notwithstanding that the Fund's holdings in such securities would not meet the requirements of Commentary .01(a)(1)(A) through (E) to Rule 8.600–E. The Fund's investment in shares of non-exchange-traded open-end management investment company securities will be utilized in order to obtain income on short-term cash balances while awaiting attractive investment opportunities, to provide liquidity in preparation for anticipated redemptions or for defensive purposes, which will allow the Fund to obtain the benefits of a more diversified portfolio available in the shares of non-exchange-traded open-end management investment company securities than

might otherwise be available. Moreover, such investments, which may include mutual funds that invest, for example, principally in fixed income securities, would be utilized to help the Fund meet its investment objective and to equitize cash in the short term. The Fund will invest in such securities only to the extent that those investments would be consistent with the requirements of Section 12(d)(1) of the 1940 Act and the rules thereunder. Because such securities must satisfy applicable 1940 Act diversification requirements, and have a net asset value based on the value of securities and financial assets the investment company holds, it is both unnecessary and inappropriate to apply to such investment company securities the criteria in Commentary .01(a)(1).

The Exchange notes that it would be difficult or impossible to apply to mutual fund shares certain of the generic quantitative criteria (*e.g.*, market capitalization, trading volume, or portfolio criteria) in Commentary .01(a)(1) (A) through (D) applicable to U.S. Component Stocks. For example, the requirements for U.S. Component Stocks in Commentary .01(a)(1)(B) that there be minimum monthly trading volume of 250,000 shares, or minimum notional volume traded per month of \$25,000,000, averaged over the last six months are tailored to exchange-traded securities (*i.e.*, U.S. Component Stocks) and not to mutual fund shares, which do not trade in the secondary market and for which no such volume information is reported. In addition, Commentary .01(a)(1)(A) relating to minimum market value of portfolio component stocks, Commentary .01(a)(1)(C) relating to weighting of portfolio component stocks, and Commentary .01(a)(1)(D) relating to minimum number of portfolio components are not appropriately applied to open-end management investment company securities; open-end investment companies hold multiple individual securities as disclosed publicly in accordance with the 1940 Act, and application of Commentary .01(a)(1)(A) through (D) would not serve the purposes served with respect to U.S. Component Stocks, namely, to establish minimum liquidity and diversification criteria for U.S. Component Stocks held by series of Managed Fund Shares.

The Exchange accordingly believes that it is appropriate and in the public interest to approve listing and trading of Shares of the Fund on the Exchange notwithstanding that the Fund would not meet the requirements of Commentary .01(a)(1)(A) through (D)

and (b)(4) to Rule 8.600–E. The Exchange notes that, other than Commentary .01(a)(1) and (b)(4) to Rule 8.600–E, the Fund's portfolio will meet all other requirements of Rule 8.600–E.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of an additional type of actively-managed exchange-traded product that principally holds fixed income securities and derivatives and that will enhance competition among market participants, to the benefit of investors and the marketplace. As noted above, the Exchange has in place surveillance procedures relating to trading in the Shares of the Fund and may obtain information via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement. In addition, as noted above, investors have ready access to information regarding the Fund's holdings, the PIV, the Disclosed Portfolio for the Fund, and quotation and last sale information for the Shares of the Fund.

#### *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 will facilitate the listing and trading of an additional type of actively-managed exchange-traded product that principally holds fixed income securities, ETFs, derivatives, cash and cash equivalents, and that will 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. Discussion and Commission's Findings**

After careful review, the Commission finds that the proposed rule change, as modified by Amendment No. 2, is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>38</sup> In

<sup>38</sup> In approving this proposed rule change, the Commission has considered the proposed rule's

<sup>37</sup> See note 24, *supra*.



particular, the Commission finds that the proposed rule change, as modified by Amendment No. 2, is consistent with Section 6(b)(5) of the Act,<sup>39</sup> which requires, among other things, that the Exchange's rules be 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 a national market system, and, in general, to protect investors and the public interest.

According to the Exchange, other than Commentary .01(a)(1) relating to non-exchange-traded open-end management investment company securities and Commentary .01(b)(4) relating to Private ABS/MBS, as described above, the Fund will meet all other requirements of NYSE Arca Rule 8.600-E.

With respect to the Fund's investments in shares of non-exchange-traded open-end management investment company securities, which will not comply with Commentary .01(a)(1) to NYSE Arca Rule 8.600-E, the Commission notes that: (1) Such securities must satisfy applicable 1940 Act diversification requirements; and (2) the value of such securities is based on the value of securities and financial assets held by those investment companies.<sup>40</sup> The Commission therefore believes that the Fund's investments in non-exchange-traded open-end management investment company securities would not make the Shares susceptible to fraudulent or manipulative acts and practices.<sup>41</sup>

In addition, while the Fund will not meet the requirement that component securities that in the aggregate account for at least 90% of the fixed income weight of the portfolio meet one of the criteria set forth in in Commentary .01(b)(4) to NYSE Arca Rule 8.600-E, the Commission believes that the diversification of the Fund's portfolio, the Fund's representation that it will continue to comply with Commentary .01(b)(5), and the fact that the fixed income portion of the portfolio, excluding Private ABS/MBS, will comply, and will continue to comply, with Commentary .01(b)(4), mitigate

impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>39</sup> 15 U.S.C. 78f(b)(5).

<sup>40</sup> See *supra* Section II.A.2 (Application of Generic Listing Standards).

<sup>41</sup> The Commission notes it has approved other exchange-traded funds that can hold non-exchange-traded open-end management investment company securities in a manner that does not comply with Commentary .01(a)(1) to Rule 8.600-E. See, e.g., Securities Exchange Act Release No. 86362 (July 12, 2019), 84 FR 34457 (July 18, 2019) (SR-NYSEArca-2019-36).

manipulation concerns relating to the Shares.

The Exchange represents that all statements and representations made in the filing regarding (a) the description of the portfolio holdings or reference assets, (b) limitations on portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in the rule filing constitute continued listing requirements for listing the Shares on the Exchange. In addition, the issuer has represented to the Exchange that it will advise the Exchange of any failure by the Fund to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will monitor<sup>42</sup> for compliance with the continued listing requirements. If the Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under NYSE Arca Rule 5.5-E(m).

For the foregoing reasons, the Commission finds that the proposed rule change, as modified by Amendment No. 2, is consistent with Section 6(b)(5) of the Act<sup>43</sup> and the rules and regulations thereunder applicable to a national securities exchange.

#### IV. Solicitation of Comments on Amendment No. 2 to the Proposed Rule Change

Interested persons are invited to submit written views, data, and arguments concerning whether Amendment No. 2 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](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEArca-2019-51 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.

<sup>42</sup> The Commission notes that certain proposals for the listing and trading of exchange-traded products include a representation that the exchange will "surveil" for compliance with the continued listing requirements. See, e.g., Securities Exchange Act Release No. 77499 (April 1, 2016), 81 FR 20428, 20432 (April 7, 2016) (SR-BATS-2016-04). In the context of this representation, it is the Commission's view that "monitor" and "surveil" both mean ongoing oversight of compliance with the continued listing requirements. Therefore, the Commission does not view "monitor" as a more or less stringent obligation than "surveil" with respect to the continued listing requirements.

<sup>43</sup> 15 U.S.C. 78f(b)(5).

All submissions should refer to File Number SR-NYSEArca-2019-51. 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-NYSEArca-2019-51 and should be submitted on or before February 11, 2020.

#### V. Accelerated Approval of the Proposed Rule Change, as Modified by Amendment No. 2

The Commission finds good cause to approve the proposed rule change, as modified by Amendment No. 2, prior to the thirtieth day after the date of publication of notice of the filing of Amendment No. 2 in the **Federal Register**. The Commission notes that Amendment No. 2 clarified the investments of the Fund and the application of NYSE Arca Rule 8.600-E, Commentary .01 to the Fund's investments. Amendment No. 2 also provided other clarifications and additional information related to the proposed rule change. The changes and additional information in Amendment No. 2 assist the Commission in evaluating the Exchange's proposal and in determining that it is consistent with the Act. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act,<sup>44</sup> to approve the

<sup>44</sup> 15 U.S.C. 78s(b)(2).

proposed rule change, as modified by Amendment No. 2, on an accelerated basis.

## VI. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>45</sup> that the proposed rule change (SR-NYSEArca-2019-51), as modified by Amendment No. 2, be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>46</sup>

**J. Matthew DeLesDernier**,  
Assistant Secretary.

[FR Doc. 2020-00800 Filed 1-17-20; 8:45 am]

BILLING CODE 8011-01-P

## SMALL BUSINESS ADMINISTRATION

### Data Collection Available for Public Comments

**ACTION:** 60-Day notice and request for comments.

**SUMMARY:** In accordance with the Paperwork Reduction Act of 1995, this notice announces the Small Business Administration's intentions to request approval on a new and/or currently approved information collection.

**DATES:** Submit comments on or before March 23, 2020.

**ADDRESSES:** Send all comments regarding whether this information collection is necessary for the proper performance of the function of the agency, whether the burden estimates are accurate, and if there are ways to minimize the estimated burden and enhance the quality of the collection, to Alison Amann, Attorney Advisor, Office of General Counsel, Small Business Administration, 409 3rd Street, 7th Floor, Washington, DC 20416.

**FOR FURTHER INFORMATION CONTACT:** Alison Amann, Attorney Advisor, 202-205-6841, [alison.amann@sba.gov](mailto:alison.amann@sba.gov), Curtis B. Rich, Management Analyst, 202-205-7030, [curtis.rich@sba.gov](mailto:curtis.rich@sba.gov).

**SUPPLEMENTARY INFORMATION:** This collection is essential to the Agency's mission because if SBA designates an area as a Governor-designated covered area, based on the information provided by the State Governor, additional small businesses may become eligible for certification as HUBZone small business concerns, which in turn will provide them with more contracting opportunities. These additional contracting opportunities create

incentives for individuals to start small businesses and allow existing small businesses to grow. SBA has taken all practicable steps to consult with interested agencies and members of the public to minimize the burden of this information collection. SBA intends to make available on its website a list of the areas within each State that meet the statutory definition of "covered area" according to the most recent Bureau of the Census data. This will minimize the burden on State governments by eliminating the need to gather this data and do the necessary analysis to determine which areas may meet the definition of "covered area." Finally, pursuant to 5 CFR 1320.13(d), SBA also requests a waiver from the requirement to publish a 60-day notice in the **Federal Register** requesting comments on this information collection. SBA will publish the required notice as part of the standard submission process before the emergency approval expires.

### Summary of Information Collection

*Title:* HUBZone Program Petition for Governor-Designated Covered Areas.

*Description of Respondents:* HUBZone Small Business concerns.

*Form Number:* N/A.

*Annual Responses:* 53.

*Annual Burden:* 265.

**Curtis Rich**,  
Management Analyst.

[FR Doc. 2020-00817 Filed 1-17-20; 8:45 am]

BILLING CODE P

## SMALL BUSINESS ADMINISTRATION

### Data Collection Available for Public Comments

**ACTION:** 60-Day notice and request for comments.

**SUMMARY:** In accordance with the Paperwork Reduction Act of 1995, this notice announces the Small Business Administration's intentions to request approval on a new and/or currently approved information collection.

**DATES:** Submit comments on or before March 23, 2020.

**ADDRESSES:** Send all comments regarding whether this information collection is necessary for the proper performance of the function of the agency, whether the burden estimates are accurate, and if there are ways to minimize the estimated burden and enhance the quality of the collections, to Louis Cupp, New Markets Policy Analyst, Office of Investment and Innovation, Small Business Administration, 409 3rd Street, 6th Floor, Washington, DC 20416.

### FOR FURTHER INFORMATION CONTACT:

Louis Cupp, New Markets Policy Analyst, 202-619-0511, [louis.cupp@sba.gov](mailto:louis.cupp@sba.gov), Curtis B. Rich, Management Analyst, 202-205-7030, [curtis.rich@sba.gov](mailto:curtis.rich@sba.gov).

**SUPPLEMENTARY INFORMATION:** Reporting and recordkeeping requirements, Investment companies, Finance, Business/Industry, Small Business. Conduct standards.

### Solicitation of Public Comments

SBA is requesting comments on (a) Whether the collection of information is necessary for the agency to properly perform its functions; (b) whether the burden estimates are accurate; (c) whether there are ways to minimize the burden, including through the use of automated techniques or other forms of information technology; and (d) whether there are ways to enhance the quality, utility, and clarity of the information.

*Title:* Financing Eligibility Statement—Social Disadvantage/Economic: Disadvantage.

*Frequency:* On Occasion.

*SBA Form Numbers:* 1941A, 1941B, 1941C.

*Description of Respondents:* Small Business Investment Companies and Small Businesses.

*Responses:* 10.

*Annual Burden:* 15.

**Curtis Rich**,  
Management Analyst.

[FR Doc. 2020-00818 Filed 1-17-20; 8:45 am]

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## DEPARTMENT OF STATE

[Public Notice 11005]

### Raw or Semi-Finished Metals Covered Under IFCA 1245(d)

**ACTION:** Notice of reports.

**SUMMARY:** The Iran Freedom and Counter-Proliferation Act (IFCA) of 2012 Section 1245(d) describes "graphite, raw or semi-finished metals such as aluminum and steel, coal, and software for integrating industrial processes." The Department of State is providing notice of a list of materials that constitute "raw or semi-finished metals" under IFCA 1245(d) for the purpose of implementing provisions of IFCA delegated to the Secretary of State, including Sections 1245(a)(1)(B), 1245(a)(1)(C), and 1245(e).

**DATES:** The Secretary of State approved this action January 9, 2020.

**FOR FURTHER INFORMATION CONTACT:** Alexander Stolar, Office of

<sup>45</sup> *Id.*

<sup>46</sup> 17 CFR 200.30-3(a)(12).