Commission notes that the Reporting Authority that provides the Disclosed Portfolio must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the actual components of the portfolio.[27] The Exchange states that it has a general policy prohibiting the distribution of material, non-public information by its employees. The Exchange also states that the Adviser is affiliated with multiple broker-dealers, and the Adviser has implemented a ''fire wall'' with respect to such broker-dealers regarding access to information concerning the composition and/or changes to the Funds' portfolios.[28] Further, the Commission notes that the Exchange can obtain surveillance information from other exchanges that trade the Underlying ETPs that are members of the Intermarket Surveillance Group or with which the Exchange has in place a comprehensive surveillance sharing agreement.

The Exchange represents that the Shares are deemed to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. In support of this proposal, the Exchange has made representations, including:

(1) The Shares will conform to the initial and continued listing criteria under NYSE Arca Equities Rule 8.600.

(2) The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions.

(3) The Exchange's surveillance procedures applicable to derivative products, which include Managed Fund Shares, 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.

(4) Prior to the commencement of trading, the Exchange will inform its Equity Trading Permit (''ETP'') Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. Specifically, the Information Bulletin will discuss the following: (a) The procedures for purchases and redemptions of Shares in Creation Unit aggregations (and that Shares are not individually redeemable); (b) NYSE Arca Equities Rule 9.2(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; (c) the risks involved in trading the Shares during the Opening and Late Trading Sessions when an updated Portfolio Indicative Value will not be calculated or publicly disseminated; (d) how information regarding the Portfolio Indicative Value is disseminated; (e) 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 (f) trading information.

(5) For initial and/or continued listing, the Trust will be in compliance with Rule 10A–3 under the Exchange Act,[29] as provided by NYSE Arca Equities Rule 5.3.

(6) The Funds will not: (a) Invest in non-U.S. registered equity securities (except for Underlying ETPs, which may hold non-U.S. equity securities); (b) use investments to enhance leverage; (c) hold leveraged, inverse, and inverse leveraged Underlying ETPs; and (d) consistent with the Exemptive Order, invest in options, swaps, or futures.

(7) Each Fund may hold up to an aggregate amount of 15% of its net assets in (a) illiquid securities, and (b) Rule 144A securities.[30]

(8) A minimum of 100,000 Shares of each Fund will be outstanding at the commencement of trading on the Exchange.

This approval order is based on the Exchange's representations.

For the foregoing reasons, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act [31] and the rules and regulations thereunder applicable to a national securities exchange.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[32] that the proposed rule change (SR–NYSEArca–2011–84), as modified by Amendment No. 3 thereto, be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[33]

Kevin M. O'Neill,

Deputy Secretary.

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for reasons that, in the view of the Exchange, make trading in the Shares inadvisable.

[27] *See* NYSE Arca Equities Rule 8.600(d)(2)(B)(ii).

[28] *See supra* note 9. The Commission notes that an investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 (''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.

[29] 17 CFR 240.10A–3.

[30] *See supra* note 6.

[31] 15 U.S.C. 78f(b)(5).

[32] 15 U.S.C. 78s(b)(2).

[33] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–66343; File No. SR–NYSEArca–2011–85]

Self-Regulatory Organizations; NYSE Arca, Inc.; Order Granting Approval of Proposed Rule Change, as Modified by Amendment No. 3 Thereto, Relating to the Listing and Trading of SPDR SSgA Real Assets ETF; SPDR SSgA Income Allocation ETF; SPDR SSgA Conservative Global Allocation ETF; SPDR SSgA Global Allocation ETF; and SPDR SSgA Aggressive Global Allocation ETF Under NYSE Arca Equities Rule 8.600

February 7, 2012.

I. Introduction

On November 16, 2011, NYSE Arca, Inc. (''Exchange'' or ''NYSE Arca'') filed with the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1] and Rule 19b–4 thereunder,[2] a proposed rule change to list and trade shares (''Shares'') of the SPDR SSgA Real Assets ETF; SPDR SSgA Income Allocation ETF; SPDR SSgA Conservative Global Allocation ETF; SPDR SSgA Global Allocation ETF; and SPDR SSgA Aggressive Global Allocation ETF (each, a ''Fund'' and, collectively, ''Funds'') under NYSE Arca Equities Rule 8.600. The proposed rule change was published in the **Federal Register** on December 7, 2011.[3] On January 17, 2012, the Exchange filed Amendment No. 1 to the proposed rule

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 65860 (December 1, 2011), 76 FR 76464 (''Notice'').

change (''Amendment No. 1'').[4] On January 18, 2012, the Exchange filed Amendment No. 2 to the proposed rule change (''Amendment No. 2'').[5] On January 23, 2012, the Exchange further extended the time period for Commission action to February 8, 2012. On January 25, 2012, the Exchange filed Amendment No. 3 to the proposed rule change (''Amendment No. 3'').[6] The Commission received no comments on the proposal. This order grants approval of the proposed rule change, as modified by Amendment No. 3 thereto.

II. Description of the Proposal

The Exchange proposes to list and trade the Shares under NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares on the Exchange. The Shares will be offered by SSgA Active ETF Trust (''Trust''), which is organized as a Massachusetts business trust and is registered with the Commission as an open-end management investment company.[7] SSgA FM serves as the investment adviser to the Funds (''Adviser''). State Street Global Markets, LLC (''Distributor'') is the principal underwriter and distributor of the Funds' Shares. State Street Bank and Trust Company (''Administrator,'' ''Custodian,'' or ''Transfer Agent'') serves as administrator, custodian, and transfer agent for the Funds. The Exchange states that the Adviser is affiliated with a broker-dealer and has implemented a ''fire wall'' with respect to such broker-dealer regarding access to information concerning the composition and/or changes to the Funds' portfolios.[8]

SPDR SSgA Real Assets ETF

The SPDR SSgA Real Assets ETF will seek to achieve a real return consisting of capital appreciation and current income. The Fund will invest substantially all of its assets in the SSgA Real Assets Portfolio (''Real Assets Portfolio''), a separate series of the SSgA Master Trust with an identical investment objective as the Fund. As a result, the Fund will invest indirectly through the Real Assets Portfolio. The Adviser will invest, under normal circumstances,[9] at least 80% of the Real Assets Portfolio's net assets among exchange-traded products (''ETPs'') that provide exposure to ''real assets.'' The Adviser considers ''real assets'' to include the following four primary asset classes: (i) Inflation protected securities issued by the U.S. government, its agencies, and/or instrumentalities, as well as inflation protected securities issued by foreign governments, agencies, and/or instrumentalities; (ii) domestic and international real estate securities; (iii) commodities; and (iv) publicly-traded companies in natural resources and/or commodities businesses. The Real Assets Portfolio will concentrate at least 25% of its assets in companies primarily involved in the energy sector and real estate industry through ETPs. The Real Assets Portfolio's allocation among those asset classes will be in proportions consistent with the Adviser's evaluation of the expected returns and risks of each asset class as well as the allocation that, in the Adviser's view, will best meet the Real Assets Portfolio's investment objective. The allocations to each asset class will change over time as the Adviser's expectations of each asset class shift. The Real Assets Portfolio's indirect holdings by virtue of investing in ETPs representing those asset classes will consist of a diversified mix of domestic and international equity securities, government and corporate bonds, inflation protected securities, commodities, and real estate investment trusts (''REITs''). ETPs may include exchange-traded funds that seek to track the performance of a market index (''Underlying ETFs'') (including Underlying ETFs managed by the Adviser), exchange-traded commodity trusts, and exchange-traded notes (''ETNs'').[10]

SPDR SSgA Income Allocation ETF

The SPDR SSgA Income Allocation ETF will seek to provide a total return by focusing on investments in income and yield-generating assets. The Fund will invest substantially all of its assets in the SSgA Income Portfolio (''Income Portfolio''), a separate series of the SSgA Master Trust with an identical investment objective as the Fund. As a result, the Fund will invest indirectly through the Income Portfolio. The Adviser will invest the assets of the Income Portfolio among ETPs that provide exposure to four primary asset classes: (i) Equity, domestic, and international securities; (ii) investment grade and high yield debt securities; (iii) hybrid equity/debt (such as preferred stock and convertible securities); and (iv) REITs. The Income Portfolio's allocation among those asset classes will be in proportions consistent with the Adviser's evaluation of the expected returns and risks of each asset class as well as the allocation that, in the Adviser's view, will best meet the Income Portfolio's investment objective. The allocations to each asset class will change over time as the Adviser's expectations of each asset class shift. The Income Portfolio's indirect holdings by virtue of investing in ETPs representing these asset classes will consist of a diversified mix of domestic and international equity securities, investment grade and high yield government and corporate bonds, hybrid securities, such as preferred

[4] The Exchange withdrew Amendment No. 1 on January 18, 2012, and extended the time period for Commission action to January 25, 2012.

[5] The Exchange withdrew Amendment No. 2 on January 25, 2012.

[6] The proposed rule change originally stated that ''[e]ach Fund may invest in the aggregate up to 15% of its net assets (taken at the time of investment) in: (1) Illiquid securities, (2) Rule 144A securities, and (3) loan participation interests.'' Notice at 76468, *supra* note 3. Amendment No. 3 amended the proposed rule change by deleting the phrase ''(taken at the time of investment)'' and replacing the term ''invest'' with ''hold.'' Because Amendment No. 3 seeks to maintain consistency with the Investment Company Act of 1940 (''1940 Act'') and the rules and regulations thereunder and does not materially alter the substance of the proposed rule change or raise any novel regulatory issues, the amendment is not subject to notice and comment.

[7] The Trust is registered under the 1940 Act. On September 12, 2011, the Trust filed with the Commission Form N–1A under the Securities Act of 1933 (15 U.S.C. 77a) and the 1940 Act relating to the Funds (File Nos. 333–173276 and 811–22542) (''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. 29524 (December 13, 2010) (File No. 812–13487) (''Exemptive Order'').

[8] *See* Commentary .06 to NYSE Arca Equities Rule 8.600. The Exchange represents that, in the event (a) the Adviser or any sub-adviser becomes newly affiliated with a broker-dealer, or (b) any new adviser or sub-adviser becomes affiliated with a broker-dealer, such adviser and/or sub-adviser will implement a ''fire wall'' with respect to such broker-dealer 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.

[9] The term ''under normal circumstances'' includes, but is not limited to, the absence of extreme volatility or trading halts in the equity markets or the financial markets generally; operational issues causing dissemination of inaccurate market information; or force majeure type events such as systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.

[10] For each of the Funds, ETPs include Investment Company Units (as described in NYSE Arca Equities Rule 5.2(j)(3)); Index-Linked Securities (as described in NYSE Arca Equities Rule 5.2(j)(6)); Portfolio Depositary Receipts (as described in NYSE Arca Equities Rule 8.100); Trust Issued Receipts (as described in NYSE Arca Equities Rule 8.200); Commodity-Based Trust Shares (as described in NYSE Arca Equities Rule 8.201); Currency Trust Shares (as described in NYSE Arca Equities Rule 8.202); Commodity Index Trust Shares (as described in NYSE Arca Equities Rule 8.203); Trust Units (as described in NYSE Arca Equities Rule 8.500); Managed Fund Shares (as described in NYSE Arca Equities Rule 8.600), and closed-end funds. The ETPs all will be listed and traded in the U.S. on registered exchanges.

stock and convertible securities, Build America Bonds, commodities, and REITs.

SPDR SSgA Conservative Global Allocation ETF

The SPDR SSgA Conservative Global Allocation ETF will seek to provide current income, capital preservation, and the avoidance of excessive portfolio volatility. The Fund will invest substantially all of its assets in the SSgA Conservative Global Allocation Portfolio (''Conservative Allocation Portfolio''), a separate series of the SSgA Master Trust with an identical investment objective as the Fund. As a result, the Fund will invest indirectly through the Conservative Allocation Portfolio. The Adviser will invest the assets of the Conservative Allocation Portfolio among ETPs that provide exposure to domestic and international debt and equity securities with a larger allocation to debt securities than to other asset classes. The Conservative Allocation Portfolio has a higher allocation to fixed income securities than to equity securities. These fixed income securities tend to be less volatile than traditional equity securities. The Conservative Allocation Portfolio typically will allocate approximately 60% of its assets to debt related securities, though this percentage can vary based on the Adviser's tactical decisions. The allocations to each asset class will change over time as the Adviser's expectations of each asset class shift. The Conservative Allocation Portfolio's indirect holdings by virtue of investing in ETPs representing these asset classes will consist of a diversified mix of domestic and international, including emerging markets, equity securities across all market capitalizations, investment grade and high yield government and corporate bonds, inflation protected securities, mortgage pass through securities, commercial mortgage backed securities, asset backed securities, commodities, and REITs.

SPDR SSgA Global Allocation ETF

The SPDR SSgA Global Allocation ETF will seek to provide current income and capital preservation, with a secondary emphasis on capital appreciation. The Fund will invest substantially all of its assets in the SSgA Global Allocation Portfolio (''Global Allocation Portfolio''), a separate series of the SSgA Master Trust with an identical investment objective as the Fund. As a result, the Fund will invest indirectly through the Global Allocation Portfolio. The Adviser will invest the assets of the Global Allocation Portfolio among ETPs that provide balanced exposure to domestic and international debt and equity securities. The Global Allocation Portfolio typically will allocate approximately 60% of its assets to equity securities, though this percentage can vary based on the Adviser's tactical decisions. The allocations to each asset class will change over time as the Adviser's expectations of each asset class shift. The Global Allocation Portfolio's indirect holdings by virtue of investing in ETPs representing these asset classes will consist of a diversified mix of domestic and international, including emerging market, equity securities across all market capitalizations, investment grade and high yield government and corporate bonds, inflation protected securities, mortgage pass through securities, commercial mortgage backed securities, asset backed securities, commodities, and REITs.

SPDR SSgA Aggressive Global Allocation ETF

The SPDR SSgA Aggressive Global Allocation ETF will seek to provide capital appreciation, with a secondary emphasis on current income. The Fund will invest substantially all of its assets in the SSgA Aggressive Global Allocation Portfolio (''Aggressive Allocation Portfolio'' and, together with the Real Assets Portfolio, Income Portfolio, Conservative Allocation Portfolio, and Global Allocation Portfolio, collectively, ''Portfolios''), a separate series of the SSgA Master Trust with an identical investment objective as the Fund. As a result, the Fund will invest indirectly through the Aggressive Allocation Portfolio. The Adviser will invest the assets of the Aggressive Allocation Portfolio among ETPs that provide exposure to domestic and international debt and equity securities with a larger allocation to equity securities than the other asset classes. The Aggressive Allocation Portfolio will have a higher allocation to equity securities than to fixed income securities. These equity securities will tend to be more volatile than traditional equity securities. The Aggressive Allocation Portfolio typically will allocate approximately 80% or more of its assets to equity securities, though this percentage can vary based on the Adviser's tactical decisions. The Aggressive Allocation Portfolio's indirect holdings by virtue of investing in ETPs representing these asset classes will consist of a diversified mix of domestic and international, including emerging market, equity securities across all market capitalizations, investment grade and high yield government and corporate bonds, inflation protected securities, mortgage pass through securities, commercial mortgage backed securities, asset backed securities, government and corporate bonds, commodities, and REITs.

Master-Feeder Structure of the Funds

The Funds are intended to be managed in a ''master-feeder'' structure, under which each Fund will invest substantially all of its assets in a corresponding ''master fund,'' which is a separate mutual fund that has an identical investment objective. As a result, each Fund (*i.e.,* a ''feeder fund'') will have an indirect interest in all of the securities owned by each corresponding master fund.[11] Because of this indirect interest, each Fund's investment returns should be the same as those of the corresponding master fund, adjusted for the expenses of the feeder fund. In extraordinary instances, each Fund reserves the right to make direct investments in securities.

The Adviser will manage the investments of each respective Portfolio. Under the master-feeder arrangement, investment advisory fees charged at the master fund level are deducted from the advisory fees charged at the feeder fund level. This arrangement avoids a ''layering'' of fees, *e.g.,* a Fund's total annual operating expenses would be no higher as a result of investing in a master-feeder arrangement than they would be if the Fund pursued its investment objectives directly. In addition, each Fund may discontinue investing through the master-feeder arrangement and pursue its investment objectives directly if the Fund's Board of Trustees determines that doing so would be in the best interests of shareholders.

Each Fund is classified as a ''diversified'' investment company under the 1940 Act. The Funds, other than the SPDR SSgA Real Assets ETF, will not concentrate their investments in any particular industry or sector. The SPDR SSgA Real Assets ETF will concentrate its investments (*i.e.,* invest more than 25% of its assets) in companies primarily involved in the energy and real estate industries. In addition, the Funds intend to qualify for and to elect treatment as a separate regulated investment company under Subchapter M of the Internal Revenue Code.

Other Investments

While each Fund will invest substantially all of its assets in its respective Portfolio, each Fund may

[11] Each master fund is registered under the 1940 Act.

directly invest in certain other investments, as described below.

Each Fund may (either directly or through its investments in its corresponding Portfolio) invest in the following types of investments: money market instruments, such as repurchase agreements, money market funds (including money market funds managed by the Adviser), variable rate demand notes, U.S. government and U.S. government agency securities, loan-focused closed-end funds, and collateralized loan obligation debt securities. Each Fund may invest in preferred securities and in convertible securities.[12]

Each Fund may invest in bonds, including corporate bonds, high yield debt securities, sovereign debt,[13] and U.S. government obligations.[14] Each Fund may also invest in Variable Rate Demand Obligations (''VRDOs'').[15]

The Funds may invest in inflation protected public obligations, commonly known as ''TIPS,'' of the U.S. Treasury, as well as TIPS of major governments and emerging market countries, excluding the U.S.[16]

The Funds may conduct foreign currency transactions on a spot (*i.e.,* cash) or forward basis (*i.e.,* by entering into forward contracts to purchase or sell foreign currencies).

Each Fund may invest in repurchase agreements with commercial banks, brokers, or dealers to generate income from its excess cash balances and to invest securities lending cash collateral.[17]

Each Fund may enter into reverse repurchase agreements, which involve the sale of securities with an agreement to repurchase the securities at an agreed upon price, date, and interest payment and have the characteristics of borrowing.

Each Fund may invest in commercial paper.[18] In addition to repurchase agreements, each Fund may invest in short-term instruments, including money market instruments, (including money market funds advised by the Adviser), repurchase agreements, cash and cash equivalents, on an ongoing basis to provide liquidity or for other reasons.

In certain situations or market conditions, a Fund may (either directly or through the corresponding Portfolio) temporarily depart from its normal investment policies and strategies provided that the alternative is consistent with the Fund's investment objective and is in the best interest of the Fund.[19] For example, a Fund may hold a higher than normal proportion of its assets in cash in times of extreme market stress. Each Fund may (either directly or through its investments in its corresponding Portfolio) borrow money from a bank as permitted by the 1940 Act or other governing statute, by applicable rules thereunder, or by Commission or other regulatory agency with authority over the Fund, but only for temporary or emergency purposes.

In addition to ETPs, each Fund may invest in the securities of other investment companies, including money market funds, subject to applicable limitations under Section 12(d)(1) of the 1940 Act. A Fund may also invest in the securities of other investment companies if such securities are the only investment securities held by the Fund, such as through a master-feeder arrangement. Each Fund will pursue its respective investment objective through such an arrangement. To the extent allowed by law, regulation, each Fund's investment restrictions, and the Trust's exemptive relief under the 1940 Act, a Fund may invest its assets in securities of investment companies that are money market funds, including those advised by the Adviser or otherwise affiliated with the Adviser, in excess of the limits discussed above.

The Funds may purchase U.S. exchange-listed common stocks and preferred securities of foreign corporations, as well as U.S.-registered, dollar-denominated bonds of foreign corporations, governments, agencies, and supra-national entities.

A Fund's investments in common stock of foreign corporations may also be in the form of American Depositary Receipts (''ADRs''), Global Depositary Receipts (''GDRs''), and European Depositary Receipts (''EDRs'') (collectively ''Depositary Receipts'').[20] Depositary Receipts are receipts, typically issued by a bank or trust company, which evidence ownership of underlying securities issued by a foreign corporation. For ADRs, the depository is typically a U.S. financial institution and the underlying securities are issued by a foreign issuer. For other Depositary Receipts, the depository may be a foreign or a U.S. entity, and the underlying securities may have a foreign or a U.S. issuer. Depositary Receipts will not necessarily be denominated in the same currency as their underlying securities. Generally, ADRs, in registered form, are designed for use in the U.S. securities market, and EDRs, in bearer form, are designated for use in European securities markets. GDRs are tradable both in the U.S. and in Europe

[12] Convertible securities are bonds, debentures, notes, preferred stocks, or other securities that may be converted or exchanged (by the holder or by the issuer) into shares of the underlying common stock (or cash or securities of equivalent value) at a stated exchange ratio. A convertible security may also be called for redemption or conversion by the issuer after a particular date and under certain circumstances (including a specified price) established upon issue. If a convertible security held by a Fund is called for redemption or conversion, the Fund could be required to tender it for redemption, convert it into the underlying common stock, or sell it to a third party.

[13] Sovereign debt obligations are issued or guaranteed by foreign governments or their agencies. Sovereign debt may be in the form of conventional securities or other types of debt instruments such as loans or loan participations. Governmental entities responsible for repayment of the debt may be unable or unwilling to repay the principal and pay interest when due, and may require renegotiation or reschedule of debt payments. In addition, prospects for repayment of principal and payment of interest may depend on political as well as economic factors. Although some sovereign debt, such as Brady Bonds, is collateralized by U.S. government securities, repayment of principal and payment of interest is not guaranteed by the U.S. government.

[14] U.S. government obligations are a type of bond and include securities issued or guaranteed as to principal and interest by the U.S. government, its agencies or instrumentalities.

[15] VRDOs are short-term tax exempt fixed income instruments whose yield is reset on a periodic basis. VRDO securities tend to be issued with long maturities of up to 30 or 40 years; however, they are considered short-term instruments because they include a put feature which coincides with the periodic yield reset. For example, a VRDO with a yield that resets weekly will have a put feature that is exercisable upon seven days notice. VRDOs are put back to a bank or other entity that serves as a liquidity provider, who then tries to resell the VRDOs or, if unable to resell, holds them in its own inventory. VRDOs are generally supported by either a Letter of Credit or a Stand-by Bond Purchase Agreement to provide credit enhancement.

[16] TIPS are a type of security issued by a government and are designed to provide inflation protection to investors.

[17] A repurchase agreement is an agreement under which a Fund acquires a financial instrument (*e.g.,* a security issued by the U.S. government or an agency thereof, a banker's acceptance, or a certificate of deposit) from a seller, subject to resale to the seller at an agreed upon price and date (normally, the next business day). A repurchase agreement may be considered a loan collateralized by securities.

[18] Commercial paper consists of short-term, promissory notes issued by banks, corporations, and other entities to finance short-term credit needs. These securities generally are discounted but sometimes may be interest bearing.

[19] Such situations and conditions include, but are not limited to, trading halts in the equities or fixed income markets or disruptions in the financial markets generally; operational issues causing dissemination of inaccurate market information; or force majeure type events such as systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.

[20] The foreign equity securities in which the Funds may invest will be limited to securities that trade in markets that are members of the Intermarket Surveillance Group (''ISG''), which includes all U.S. national securities exchanges and certain foreign exchanges, or are parties to a comprehensive surveillance sharing agreement with the Exchange.

and are designed for use throughout the world. Each Fund may invest up to 10% of its assets in unsponsored Depositary Receipts. The issuers of unsponsored Depositary Receipts are not obligated to disclose material information in the U.S., and, therefore, there may be less information available regarding such issuers and there may not be a correlation between such information and the market value of the Depositary Receipts.

Each Fund may hold in the aggregate up to 15% of its net assets in: (1) Illiquid securities, (2) Rule 144A securities, and (3) loan participation interests. An illiquid asset is any asset which may not be sold or disposed of in the ordinary course of business within seven days at approximately the value at which a Fund has valued the investment.

In accordance with the Exemptive Order, the Funds will not invest in options, futures, or swaps. Each Fund's investments will be consistent with its respective investment objective and will not be used to enhance leverage.

Except for ETPs that may hold non-U.S. issues and Depositary Receipts, the Funds will not otherwise invest in non-U.S.-registered issues.

Additional information regarding the Trust, the Funds, and the Shares, including investment strategies, risks, creation and redemption procedures, fees, portfolio holdings disclosure policies, distributions and taxes is included in the Registration Statement. All terms relating to the Funds that are referred to, but not defined in, this proposed rule change are defined in the Notice and/or Registration Statement, as applicable.[21]

III. Discussion and Commission's Findings

The Commission has carefully reviewed the proposed rule change and finds that it is consistent with the requirements of Section 6 of the Act[22] and the rules and regulations thereunder applicable to a national securities exchange.[23] In particular, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act,[24] which requires, among other things, that the Exchange's rules be designed 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. The Commission notes that the Funds and the Shares must comply with the requirements of NYSE Arca Equities Rule 8.600 to be listed and traded on the Exchange.

The Commission finds that the proposal to list and trade the Shares on the Exchange is consistent with Section 11A(a)(1)(C)(iii) of the Act,[25] which sets forth Congress' finding that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with respect to quotations for, and transactions in, securities. Quotation and last-sale information for the Shares will be available via the Consolidated Tape Association high-speed line and, for the ETPs, will be available from the national securities exchange(s) on which they are listed.[26] In addition, the Indicative Optimized Portfolio Value (''IOPV''),[27] which is the Portfolio Indicative Value (''PIV'') as defined in NYSE Arca Equities Rule 8.600(c)(3), will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Core Trading Session.[28] On each business day, before commencement of trading in Shares in the Core Trading Session on the Exchange, the Funds will disclose on their Web site the Disclosed Portfolio, as defined in NYSE Arca Equities Rule 8.600(c)(2), that will form the basis for the Funds' calculation of the net asset value (''NAV'') at the end of the business day.[29] The NAV of a Fund will be determined once each business day, normally 4:00 p.m. Eastern Time. A basket composition file, which includes the security names and share quantities required to be delivered in exchange for Fund Shares, together with estimates and actual cash components, will be publicly disseminated daily prior to the opening of the New York Stock Exchange via the National Securities Clearing Corporation. Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services, and information regarding the previous day's closing price and trading volume information for the Shares will be published daily in the financial section of newspapers. The Funds' Web site will also include a form of the prospectus for the Funds, information relating to NAV (updated daily), and other quantitative and trading information.

The Commission further believes that the proposal to list and trade the Shares is reasonably designed to promote fair disclosure of information that may be necessary to price the Shares appropriately and to prevent trading when a reasonable degree of transparency cannot be assured. The Commission notes that the Exchange will obtain a representation from the issuer of the Shares that the NAV per Share will be calculated daily and that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time.[30] In addition, the Exchange will halt trading in the Shares under the specific circumstances set forth in NYSE Arca Equities Rule 8.600(d)(2)(D) and may halt trading in the Shares if trading is not occurring in the securities and/or the financial instruments comprising the Disclosed Portfolio of the Funds, or if other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.[31] Further, the Commission notes that the Reporting Authority that provides the Disclosed Portfolio must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the actual components of the

[21] *See* Notice and Registration Statement, *supra* notes 3 and 7, respectively.

[22] 15 U.S.C. 78f.

[23] In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[24] 17 U.S.C. 78f(b)(5).

[25] 15 U.S.C. 78k–1(a)(1)(C)(iii).

[26] The intra-day, closing, and settlement prices of the portfolio securities are also readily available on automated quotation systems, published or other public sources, or online information services such as Bloomberg or Reuters.

[27] The IOPV calculations will be estimates of the value of the Funds' NAV per Share using market data converted into U.S. dollars at the current currency rates. The IOPV price will be based on quotes and closing prices from the securities' local market and may not reflect events that occur subsequent to the local market's close. Premiums and discounts between the IOPV and the market price may occur. This should not be viewed as a ''real-time'' update of the NAV per Share of the Funds, which will be calculated only once a day.

[28] According to the Exchange, several major market data vendors display and/or make widely available PIVs published on the Consolidated Tape Association or other data feeds. *See* Notice at 76470, *supra* note 3.

[29] On a daily basis, the Adviser will disclose for each portfolio security or other financial instrument of the Funds and of the Portfolios the following information: Ticker symbol (if applicable); name of security or financial instrument; number of shares or dollar value of financial instruments held in the portfolio; and percentage weighting of the security or financial instrument in the portfolio.

[30] *See* NYSE Arca Equities Rule 8.600(d)(1)(B).

[31] With respect to trading halts, the Exchange may consider other relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Funds. Trading in Shares of the Funds will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 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 inadvisable.

portfolio.[32] The Exchange states that it has a general policy prohibiting the distribution of material, non-public information by its employees. The Exchange also represents that the Adviser is affiliated with a broker-dealer and has implemented a ''fire wall'' with respect to such broker-dealer regarding access to information concerning the composition and/or changes to the Funds' portfolios.[33] The Commission also notes that the Exchange can obtain information with respect to the ETPs from the U.S. exchanges, which are all members of the ISG, listing and trading such ETPs.

The Exchange represents that the Shares are deemed to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. In support of this proposal, the Exchange has made representations, including:

(1) The Shares will conform to the initial and continued listing criteria under NYSE Arca Equities Rule 8.600.

(2) The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions.

(3) The Exchange's surveillance procedures applicable to derivative products, which include Managed Fund Shares, 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.

(4) Prior to the commencement of trading, the Exchange will inform its Equity Trading Permit Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. Specifically, the Information Bulletin will discuss the following: (a) The procedures for purchases and redemptions of Shares in Creation Unit Aggregations (and that Shares are not individually redeemable); (b) NYSE Arca Equities Rule 9.2(a), which imposes a duty of due diligence on its Equity Trading Permit Holders to learn the essential facts relating to every customer prior to trading the Shares; (c) the risks involved in trading the Shares during the Opening and Late Trading Sessions when an updated PIV will not be calculated or publicly disseminated; (d) how information regarding the PIV is disseminated; (e) the requirement that Equity Trading Permit Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (f) trading and other information.

(5) For initial and/or continued listing, the Funds will be in compliance with Rule 10A–3 under the Act,[34] as provided by NYSE Arca Equities Rule 5.3.

(6) Each Fund: (a) Will not invest in non-U.S.-registered issues (except for ETPs that may hold non-U.S. issues and Depositary Receipts);[35] (b) may hold in the aggregate up to 15% of its net assets in (i) illiquid securities, (ii) Rule 144A securities, and (iii) loan participation interests; and (c) in accordance with the Exemptive Order, will not invest in options, futures, or swaps.

(7) Each Fund's investments will be consistent with its respective investment objective and will not be used to enhance leverage.

(8) A minimum of 100,000 Shares for each Fund will be outstanding at the commencement of trading on the Exchange.

This approval order is based on the Exchange's representations.

For the foregoing reasons, the Commission finds that the proposed rule change, as modified by Amendment No. 3 thereto, is consistent with Section 6(b)(5) of the Act [36] and the rules and regulations thereunder applicable to a national securities exchange.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[37] that the proposed rule change (SR–NYSEArca–2011–85), as modified by Amendment No. 3 thereto, be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[38]

Kevin M. O'Neill,

Deputy Secretary.

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[32] *See* NYSE Arca Equities Rule 8.600(d)(2)(B)(ii).

[33] *See supra* note 8 and accompanying text. The Commission notes that an investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 (''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.

[34] *See* 17 CFR 240.10A–3.

[35] *See supra* note 20 and accompanying text.

[36] 15 U.S.C. 78f(b)(5).

[37] 15 U.S.C. 78s(b)(2).

[38] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–66341; File No. SR–ICEEU–2012–01]

Self-Regulatory Organizations; ICE Clear Europe Limited; Notice of Proposed Rule Change To Revise Rules and Procedures Related to Certain Technical and Operational Changes Relating to Credit Default Swap Contracts

February 7, 2012.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1] and Rule 19b–4 thereunder,[2] notice is hereby given that on January 24, 2012, ICE Clear Europe Limited (''ICE Clear Europe'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule changes described in Items I, II and III below, which Items have been prepared primarily by ICE Clear Europe. 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

ICE Clear Europe is in regular communication with representatives of its Clearing Members, as that term is defined in the Rules of ICE Clear Europe [3] (the ''Rules''), in relation to the operation of clearing processes and arrangements. ICE Clear Europe has published these proposed rule and procedural changes, has carried out a public consultation process in respect of all of the changes described below, and has presented and agreed to the changes described below with its Clearing Members. These changes seek to improve drafting and cross-references within the ICE Clear Europe Rules and CDS Procedures, and to clarify the timing and operation of various clearing

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* ICE Clear Europe Rule 101. The Rules of ICE Clear Europe are available on-line at: *https://www.theice.com/Rulebook.shtml?clearEuropeRulebook=.*