

“designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to perfect the mechanism of a free and open market and a national market systems; and not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.”<sup>14</sup> The Commission is also instituting proceedings to allow for additional analysis of the proposed rule change’s consistency with Section 6(b)(8) of the Act, which requires that rules of a national securities exchange “do not impose any burden on competition not necessary or appropriate in furtherance of the purposes of” the Act.

#### IV. Procedure: Request for Written Comments

The Commission requests that interested persons provide written submissions of their views, data, and arguments with respect to the concerns identified above, as well as any other concerns they may have with the proposal. In particular, the Commission invites the written views of interested persons concerning whether the proposal is consistent with Sections 6(b)(5) and 6(b)(8) or any other provision of the Act, or the rules and regulations thereunder. Although there do not appear to be any issues relevant to approval or disapproval which would be facilitated by an oral presentation of views, data, and arguments, the Commission will consider, pursuant to Rule 19b-4, any request for an opportunity to make an oral presentation.<sup>15</sup>

Interested persons are invited to submit written data, views, and arguments regarding whether the proposal should be approved or disapproved by July 21, 2014. Any person who wishes to file a rebuttal to any other person’s submission must file that rebuttal by August 4, 2014.

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-ISE-2014-09 on the subject line.

##### *Paper Comments*

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

All submissions should refer to File Number SR-ISE-2014-09. 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 Web site (<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 Web site 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 such filings also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-ISE-2014-09 and should be submitted on or before July 21, 2014. Rebuttal comments should be submitted by August 4, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

**Kevin M. O’Neill,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72453; File No. SR-NYSEArca-2014-68]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Reflect Changes to the Name of, and the Means of Seeking the Investment Objective Applicable to, the PIMCO Real Return Exchange-Traded Fund

June 24, 2014.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (“Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on June 12, 2014, NYSE Arca, Inc. (“Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to reflect changes to the name of, and the means of seeking the investment objective applicable to, the PIMCO Real Return Exchange-Traded Fund (the “Fund”). The Commission has approved the listing and trading of shares of the Fund on the Exchange under NYSE Arca Equities Rule 8.600. Shares of the Fund have not yet commenced trading on the Exchange. The text of the proposed rule change is available on the Exchange’s Web site at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, and at the Commission’s Public Reference Room.

#### II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below,

<sup>14</sup> 15 U.S.C. 78f(b)(5).

<sup>15</sup> Section 19(b)(2) of the Act, as amended by the Securities Act Amendments of 1975, Public Law 94-29 (June 4, 1975), grants the Commission flexibility to determine what type of proceeding—either oral or notice and opportunity for written comments—is appropriate for consideration of a particular proposal by a self-regulatory organization. See Securities Act Amendments of 1975, Senate Comm. on Banking, Housing & Urban Affairs, S. Rep. No. 75, 94th Cong., 1st Sess. 30 (1975).

<sup>16</sup> 17 CFR 200.30-3(a)(57).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

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 Commission has approved listing and trading on the Exchange of shares ("Shares") of the PIMCO Real Return Exchange-Traded Fund ("Fund"), which are offered by PIMCO ETF Trust (the "Trust"),<sup>4</sup> under NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares. The Shares of the Fund have not yet commenced trading on the Exchange.

The Shares are offered by the Trust, a statutory trust organized under the laws of the State of Delaware and registered with the Commission as an open-end management investment company.<sup>5</sup> The investment manager to the Fund is Pacific Investment Management Company LLC ("PIMCO" or the "Adviser").

In this proposed rule change, the Exchange proposes to reflect changes to the name of the Fund and to the description of the investments the Adviser will utilize in seeking the Fund's investment objective, as described below.<sup>6</sup>

The Adviser proposes that the name of the Fund be changed from that stated in the Prior Release to the PIMCO Inflation-Linked Active Exchange-Traded Fund. The Adviser represents that it is changing the name of the Fund to better reflect the nature of the Fund's revised investment strategy.

<sup>4</sup> See Securities Exchange Act Release No. 71125 (December 18, 2013), 78 FR 77743 (December 24, 2013) (SR-NYSEArca-2013-106) (order approving listing and trading on the Exchange of the PIMCO Diversified Income Exchange-Traded Fund, PIMCO Real Return Exchange-Traded Fund, and PIMCO Low Duration Exchange-Traded Fund) ("Prior Order"). See also Securities Exchange Act Release No. 70774 (October 30, 2013), 78 FR 66396 (November 5, 2013) (SR-NYSEArca-2013-106) ("Prior Notice," and together with the Prior Order, the "Prior Release").

<sup>5</sup> The Trust is registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1) ("1940 Act"). On October 31, 2013, the Trust filed with the Commission an amendment to its registration statement on Form N-1A under the Securities Act of 1933 (15 U.S.C. 77a) ("Securities Act"), and under the 1940 Act relating to the Fund (File Nos. 333-155395 and 811-22250) ("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. 28993 (File No. 812-13571) ("Exemptive Order").

<sup>6</sup> The changes described herein will be effective upon filing with the Commission of a supplement to the Trust's Registration Statement. See note 5, *supra*.

In addition, the Adviser proposes that the Fund may invest up to 20% of its total assets in securities and instruments that are economically tied to emerging market countries, subject to the Fund's investment limitations relating to particular asset classes set forth in the Prior Release.<sup>7</sup> The Prior Release stated that the Fund may invest up to 10% of its total assets in securities and instruments that are economically tied to emerging market countries, subject to the Fund's investment limitations relating to particular asset classes set forth in the Prior Release.<sup>8</sup> The Adviser represents that the proposed increase in the Fund's total assets that may be invested in securities and instruments that are economically tied to emerging market countries will afford the Fund the opportunity to invest in a broader range of financial instruments related to emerging markets and, therefore, may facilitate the Fund's meeting its investment objective.<sup>9</sup> The Commission previously has approved listing and trading on the Exchange of shares of actively-managed exchange-traded funds under NYSE Arca Equities Rule 8.600 that may invest up to 20% of the applicable fund's total assets in emerging market debt securities.<sup>10</sup>

Finally, the Prior Release stated the effective duration of the Fund normally will vary within three years (plus or

<sup>7</sup> As stated in the Prior Release, according to the Registration Statement, PIMCO will have broad discretion to identify countries that it considers to qualify as emerging markets. In making investments in emerging market securities, the Fund will emphasize those countries with relatively low gross national product per capita and with the potential for rapid economic growth. Emerging market countries are generally located in Asia, Africa, the Middle East, Latin America and Eastern Europe. PIMCO will select the country and currency composition based on its evaluation of relative interest rates, inflation rates, exchange rates, monetary and fiscal policies, trade and current account balances, legal and political developments and any other specific factors it believes to be relevant. While emerging markets corporate debt securities (excluding commercial paper) generally must have \$200 million or more par amount outstanding and significant par value traded to be considered as an eligible investment for the Fund, at least 80% of issues of such securities held by the Fund must have \$200 million or more par amount outstanding at the time of investment.

<sup>8</sup> See note 4, *supra*.

<sup>9</sup> According to the Registration Statement, the Fund's investment objective will be to seek maximum real return, consistent with preservation of capital and prudent investment management.

<sup>10</sup> See, e.g., Securities Exchange Act Release Nos. 69061 (March 7, 2013), 78 FR 15990 (March 13, 2013) (SR-NYSEArca-2013-01) (order approving listing and trading on the Exchange of Shares of the Newfleet Multi-Sector Income Fund under NYSE Arca Equities Rule 8.600); 68863 (February 7, 2013), 78 FR 10222 (February 13, 2013) (SR-NYSEArca-2012-142) (order approving listing and trading on the Exchange of Shares of the Guggenheim Enhanced Total Return ETF under NYSE Arca Equities Rule 8.600).

minus) of the effective portfolio duration of the securities comprising the Barclays Capital U.S. TIPS Index, as calculated by PIMCO, which as of January 31, 2013, as converted, was 6.16 years.<sup>11</sup> The Adviser proposes to change this representation to provide that the effective duration of the Fund normally will vary within three years (plus or minus) of the effective portfolio duration, as calculated by PIMCO, of the securities comprising the BofAMerrill 1-Year Constant Maturity US TIPS Index ("Index"). The effective portfolio duration of the securities comprising the Index, as calculated by PIMCO, was approximately 0.95 years as of April 30, 2014. The effective duration of the Index will be calculated using the same conversion factors as the Fund. The Adviser represents that it wishes to reduce the interest rate sensitivity of the Fund's investments.

The Adviser represents that there is no change to the Fund's investment objective.

The Fund will comply with all initial and continued listing requirements under NYSE Arca Equities Rule 8.600.

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

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

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)<sup>12</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 proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that the Adviser represents that there is no change to the Fund's investment objective. The Fund will comply with all initial and continued listing requirements under NYSE Arca Equities Rule 8.600. The Adviser represents that the proposed increase from up to 10% to up to 20% of its total assets in securities and

<sup>11</sup> The Prior Release stated that, according to the Registration Statement, effective duration takes into account that for certain bonds expected cash flows will fluctuate as interest rates change and is defined in nominal yield terms, which is market convention for most bond investors and managers. The Prior Release stated that the effective duration of the Barclays Capital U.S. TIPS Index will be calculated using the same conversion factors as the Fund.

<sup>12</sup> 15 U.S.C. 78f(b)(5).

instruments that are economically tied to emerging market countries (subject to the Fund's investment limitations relating to particular asset classes set forth in the Prior Release) will afford the Fund the opportunity to invest in a broader range of financial instruments related to emerging markets and, therefore, may facilitate the Fund's meeting its investment objective. The Adviser further represents that the proposed change to the index used by the Fund as a measure of duration is appropriate in that the Adviser wishes to reduce the interest rate sensitivity of the Fund's investments in seeking the Fund's investment objective.<sup>13</sup> The effective duration of the Index will be calculated using the same conversion factors as the Fund. As a result of this change, the Adviser represents that it wishes to reduce the interest rate sensitivity of the Fund's investments.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that the Fund will comply with all initial and continued listing requirements under NYSE Arca Equities Rule 8.600. In addition, the Adviser represents that it is changing the name of the Fund to better reflect the nature of the Fund's revised investment strategy. The Adviser represents that the proposed increase in the Fund's total assets that may be invested in securities and instruments that are economically tied to emerging market countries will afford the Fund the opportunity to invest in a broader range of financial instruments related to emerging markets and, therefore, may facilitate the Fund's meeting its investment objective. The Adviser represents that the change to the index used by the Fund as a measure of duration should result in overall Fund investments that are less sensitive to changes in interest rates. The Adviser represents that there is no change to the Fund's investment objective. Except for the changes noted above, all other representations made in the Prior Release remain unchanged.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed increase from up to 10% to up to 20% of the Fund's total assets that

<sup>13</sup> Duration is a measure used to determine the sensitivity of a security's price to changes in interest rates. The longer a security's duration, the more sensitive it will be to interest rates.

may be invested in securities and instruments that are economically tied to emerging market countries will permit the Fund to invest in instruments that are economically tied to emerging market countries up to a level consistent with certain other actively-managed exchange-traded funds<sup>14</sup> and will enhance competition among issues of Managed Fund Shares that invest in fixed income securities.

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

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

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>15</sup> and Rule 19b-4(f)(6)(iii) thereunder.<sup>16</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

#### **IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### *Electronic Comments*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or

<sup>14</sup> See note 10, *supra*.

<sup>15</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>16</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEArca-2014-68 on the subject line.

##### *Paper Comments*

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

All submissions should refer to File Number SR-NYSEArca-2014-68. 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 Web site (<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 Web site 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 such filing will also be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEArca-2014-68 and should be submitted on or before July 21, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>17</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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