SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–76798; File No. SR–NYSEArca–2015–125]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change To List and Trade Shares of RiverFront Dynamic Unconstrained Income ETF and RiverFront Dynamic Core Income ETF Under NYSE Arca Equities Rule 8.600

December 30, 2015.

Pursuant to section 19(b)(1) [1] of the Securities Exchange Act of 1934 (the ''Act'') [2] and Rule 19b–4 thereunder,[3] notice is hereby given that, on December 15, 2015, NYSE Arca, Inc. (the ''Exchange'' or ''NYSE Arca'') filed with the Securities and Exchange Commission (the ''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to list and trade shares of the following under NYSE Arca Equities Rule 8.600 (''Managed Fund Shares''): RiverFront Dynamic Unconstrained Income ETF and RiverFront Dynamic Core Income ETF. The text of the proposed rule change is available on the Exchange's Web site at *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, of the most significant parts of such statements.

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

[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to list and trade shares (''Shares'') of the following under NYSE Arca Equities Rule 8.600,[4] which governs the listing and trading of Managed Fund Shares: [5] RiverFront Dynamic Unconstrained Income ETF and RiverFront Dynamic Core Income ETF, each referred to as a ''Fund'' and collectively as the ''Funds.'' The Funds are each a series of ALPS ETF Trust (''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.[6] The Funds will be managed by ALPS Advisors, Inc. (''ALPS Advisors'' or the ''Adviser''). RiverFront Investment Group, LLC (''RiverFront'') is the investment sub-adviser for the Funds (the ''Sub-Adviser'').

Commentary .06 to Rule 8.600 provides that, if the investment adviser to the investment company issuing Managed Fund Shares is affiliated with a broker-dealer, such investment adviser shall erect a ''fire wall'' between the investment adviser and the broker-dealer with respect to access to information concerning the composition and/or changes to such investment company portfolio.[7] 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. Each of ALPS Advisors and RiverFront is not registered as a broker-dealer but is affiliated with a broker-dealer. Each of ALPS Advisors and RiverFront has implemented and will maintain a fire wall with respect to its affiliated broker-dealer(s) regarding access to information concerning the composition and/or changes to a Fund portfolio. In the event (a) the Adviser or Sub-Adviser becomes newly affiliated with a broker-dealer, or (b) any new adviser or sub-adviser becomes affiliated with a broker-dealer, it will implement a fire wall with respect to such 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.

[4] The Commission has previously approved listing and trading on the Exchange of actively managed funds under Rule 8.600. *See, e.g.*, Securities Exchange Act Release Nos. 57801 (May 8, 2008), 73 FR 27878 (May 14, 2008) (SR–NYSEArca–2008–31) (order approving Exchange listing and trading of twelve actively-managed funds of the WisdomTree Trust); 66321 (February 3, 2012), 77 FR 6850 (February 9, 2012) (SR–NYSEArca–2011–95) (order approving listing and trading of PIMCO Total Return Exchange Traded Fund); 66670 (March 28, 2012), 77 FR 20087 (April 3, 2012) (SR–NYSEArca–2012–09) (order approving listing and trading of PIMCO Global Advantage Inflation-Linked Bond Strategy Fund).

[5] 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 Equities Rule 5.2(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.

[6] The Trust is registered under the 1940 Act. On September 1, 2015, 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 the 1940 Act relating to the Funds (File Nos. 333–148826 and 811–22175) (the ''Registration Statement''). The description of the operation of the Trust and the Funds herein is based, in part, on the Registration Statement. In addition, the Commission has issued an order granting certain exemptive relief to the Trust and the Adviser (as defined below) under the 1940 Act. See Investment Company Act Release No. 30553 (June 11, 2013) (File No. 812–13884) (''Exemptive Order''). The Funds will be offered in reliance upon the Exemptive Order issued to the Trust and the Adviser.

[7] 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 Sub-Adviser and their 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. The Exchange represents that the Adviser and Sub-Adviser, and their respective related personnel, are subject to Investment Advisers Act Rule 204A–1. 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.

RiverFront Dynamic Unconstrained Income ETF

Principal Investment Strategies

According to the Registration Statement, the investment objective of the Fund will be to seek total return with an emphasis on income as the source of that total return. Under normal circumstances, the Fund will principally invest its assets in the securities and financial instruments described below.[8]

The Fund's portfolio is constructed through a two-step process, with the first step setting the allocation among different fixed income asset classes and the second step determining security selection within those asset classes. The allocation across long-term, medium-term and short-term investment grade securities, long-term and short-term high yield securities and emerging market debt is determined by a quantitative methodology. The methodology models historical returns as a function of initial valuation conditions and creates estimates of potential returns and downside risks consistent with historical market behavior. These capital market assumptions are incorporated into a patent-pending Mean Reversion Optimization (MRO) process to produce the index weighting within each of the major fixed income asset classes. The objective of this optimization is to construct a combination of fixed income asset classes that are expected to have a high probability of generating a positive potential total return over a five-year investment horizon.

The Fund will seek to achieve its investment objective by investing in a global portfolio of ''Fixed Income Securities'' (as described below) of various maturities, ratings and currency denominations. The Fund intends to utilize various investment strategies in a broad array of fixed income sectors. The Fund will allocate its investments based upon the analysis of the Sub-Adviser of the pertinent economic and market conditions, as well as yield, maturity, credit and currency considerations.

For purposes of this filing, Fixed Income Securities include the following (as described further below): Bonds, including corporate bonds; securities issued by the U.S. government or its agencies, instrumentalities or sponsored corporations (including those not backed by the full faith and credit of the U.S. government); agency and non-agency mortgage-backed securities (''MBS'', which may include commercial MBS (''CMBS'')) and asset-backed securities (''ABS''); municipal securities; U.S. agency mortgage pass-through securities; convertible securities; preferred stocks; commercial instruments; variable or floating rate instruments and variable rate demand instruments;[9] zero-coupon and pay-in-kind securities;[10] bank instruments, including certificates of deposit (''CDs''), time deposits and bankers' acceptances from U.S. banks; and participations in and assignments of bank loans or corporate loans,[11] which loans include senior loans, syndicated bank loans, junior loans, bridge loans, unfunded commitments, revolving credit facilities, and participation interests.[12]

The Fund may purchase Fixed Income Securities issued by U.S. or foreign corporations[13] or financial institutions.

The Fund may purchase securities issued or guaranteed by the U.S. Government or foreign governments (including foreign states, provinces and municipalities) or their agencies and instrumentalities or issued or guaranteed by international organizations designated or supported by multiple government entities to promote economic reconstruction or development.

The Fund may invest in MBS issued or guaranteed by federal agencies and/or U.S. government sponsored instrumentalities, such as the Government National Mortgage Administration (''Ginnie Mae''), the Federal Housing Administration (''FHA''), the Federal National Mortgage Association (''Fannie Mae'') and the Federal Home Loan Mortgage Corporation (''Freddie Mac''). The MBS in which the Fund may invest will be either pass-through securities or collateralized mortgage obligations (''CMOs''), and may use to-be-announced (''TBA'') transactions.[14]

The Fund may purchase or sell securities on a when-issued,[15] delayed delivery or forward commitment basis,

---

[8] The term ''under normal circumstances'' includes, but is not limited to, the absence of extreme volatility or trading halts in the securities markets or the financial markets generally; circumstances under which a Fund's investments are made for temporary defensive purposes; 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.

[9] Variable or floating interest rates are readjusted on set dates (such as the last day of the month or calendar quarter) in the case of variable rates or whenever a specified interest rate change occurs in the case of a floating rate instrument. The terms of such demand instruments require payment of principal and accrued interest by the issuer, a guarantor and/or a liquidity provider. The Sub-Adviser will monitor the pricing, quality and liquidity of the variable or floating rate securities held by the Fund.

[10] Zero-coupon or pay-in-kind securities are debt securities that do not make regular cash interest payments. Zero-coupon securities are sold at a deep discount to their face value. Pay-in-kind securities pay interest through the issuance of additional securities.

[11] The Adviser expects that under normal market conditions, the Fund generally will seek to invest at least 80% of its corporate loan assets in issuances that have at least $100,000,000 par amount outstanding (if tied to developed countries) and at least $200,000,000 par amount outstanding (if tied to emerging market countries).

[12] Participation interests generally will be acquired from a commercial bank or other financial institution (a ''Lender'') or from other holders of a participation interest (a ''Participant''). The purchase of a participation interest either from a Lender or a Participant will not result in any direct contractual relationship with the borrowing company (the ''Borrower''). The Fund generally will have no right directly to enforce compliance by the Borrower with the terms of the credit agreement. Instead, the Fund will be required to rely on the Lender or the Participant that sold the participation interest, both for the enforcement of the Fund's rights against the Borrower and for the receipt and processing of payments due to the Fund under the loans. Under the terms of a participation interest, the Fund may be regarded as a member of the Participant, and thus the Fund is subject to the credit risk of both the Borrower and a Participant. Participation interests are generally subject to restrictions on resale.

[13] The Fund will invest only in securities that the Adviser or Sub-Adviser deems to be sufficiently liquid. While foreign corporate debt securities generally must have $200 million or more par amount outstanding and significant par value traded to be considered as an eligible investment, at least 80% of issues of foreign corporate debt held by the Fund will have $200 million or more par amount outstanding.

[14] Pass-through securities represent a right to receive principal and interest payments collected on a pool of mortgages, which are passed through to security holders. CMOs are created by dividing the principal and interest payments collected on a pool of mortgages into several revenue streams (tranches) with different priority rights to portions of the underlying mortgage payments. The Fund will not invest in CMO tranches which represent a right to receive interest only (''IOs''), principal only (''POs'') or an amount that remains after other floating-rate tranches are paid (an inverse floater).

[15] Purchasing securities on a ''when-issued'' basis means that the date for delivery of and payment for the securities is not fixed at the date of purchase, but is set after the securities are issued. The payment obligation and, if applicable, the interest rate that will be received on the securities are fixed at the time the buyer enters into the commitment. The Fund will only make commitments to purchase such securities with the intention of actually acquiring such securities, but the Fund may sell these securities before the settlement date if it is deemed advisable.

and may enter into repurchase [16] and reverse repurchase agreements.[17]

The Fund may invest in exchange-traded funds (''ETFs'') [18] and/or exchange-traded closed-end funds that invest in Fixed Income Securities.

The Fund may invest without limitation in U.S. dollar-denominated securities of foreign issuers and up to 50% of its total assets in securities denominated in foreign currencies, and in securities of issuers located in emerging markets. The Sub-Adviser may attempt to reduce currency risk by entering into contracts with banks, brokers or dealers to purchase or sell securities or foreign currencies at a future date (''forward contracts'').[19]

The Fund may enter into cleared and over-the-counter (''OTC'') swap agreements that effectively bundle the purchase of foreign bonds and the hedging of foreign currency into a single transaction.[20]

The Fund may invest in securities that are offered pursuant to Rule 144A under the Securities Act.

The average maturity or duration of the Fund's portfolio of Fixed Income Securities will vary based on the Sub-Adviser's assessment of economic and market conditions; however, the Sub-Adviser intends to manage the Fund's portfolio so that it has an average duration of between two and ten years, under normal circumstances.

Other Investments

While the Fund will, under normal circumstances, principally invest its assets in the securities and financial instruments described above, the Fund may invest its remaining assets in the securities and financial instruments described below.

According to the Registration Statement, the Fund may invest in money market instruments, including other funds which invest exclusively in money market instruments. The Fund may invest up to 20% of its total assets in structured notes (notes on which the amount of principal repayment and interest payments are based on the movement of one or more specified factors, such as the movement of a particular bond or bond index). In addition to the types of forward contracts and swaps discussed above, the Fund may invest in other types of forward contracts and swaps, as well as options and futures contracts (as discussed below), each based on fixed-income securities, currencies, or indexes of fixed-income securities or currencies.

The Fund may invest up to 5% of its assets in U.S. exchange-traded equity securities (excluding ETFs and closed-end funds).

RiverFront Dynamic Core Income ETF

Principal Investment Strategies

According to the Registration Statement, the investment objective of the Fund will be to seek total return with an emphasis on income as the source of that total return. Under normal circumstances, the Fund will principally invest its assets in the securities and financial instruments described below.[21]

The Fund's portfolio is constructed through a two-step process, with the first step setting the allocation among different fixed income asset classes and the second step determining security selection within those asset classes. The allocation across long-term, medium-term and short-term investment grade securities, long-term and short-term high yield securities and emerging market debt is determined by a quantitative methodology. The methodology models historical returns as a function of initial valuation conditions and creates estimates of potential returns and downside risks consistent with historical market behavior. These capital market assumptions are incorporated into a patent-pending Mean Reversion Optimization (MRO) process to produce the index weighting within each of the major fixed income asset classes. The objective of this optimization is to construct a combination of fixed income asset classes that are expected to have a high probability of generating a positive potential total return over a five-year investment horizon.

The Fund will seek to achieve its investment objective by investing in a global portfolio of Fixed Income Securities (as described above) of various maturities, ratings and currency denominations. The Fund intends to utilize various investment strategies in a broad array of fixed income sectors. The Fund will allocate its investments based upon the analysis of the Sub-Adviser of the pertinent economic and market conditions, as well as yield, maturity, credit and currency considerations.

The Fund may purchase Fixed Income Securities issued by U.S. or foreign corporations [22] or financial institutions.

The Fund may purchase securities issued or guaranteed by the U.S. Government or foreign governments (including foreign states, provinces and municipalities) or their agencies and instrumentalities or issued or guaranteed by international organizations designated or supported by multiple government entities to promote economic reconstruction or development.

The Fund may invest in MBS issued or guaranteed by federal agencies and/or U.S. government sponsored instrumentalities, such as Ginnie Mae, the FHA, Fannie Mae and Freddie Mac. The MBS in which the Fund may invest will be either pass-through securities or CMOs and may use TBA transactions.[23]

The Fund may purchase or sell securities on a when-issued, delayed delivery or forward commitment basis, and may enter into repurchase and reverse repurchase agreements.

The Fund may invest in ETFs[24] and/or exchange-traded closed-end funds which invest in Fixed Income Securities.

The Fund may invest without limitation in U.S. dollar-denominated securities of foreign issuers and up to 10% of its total assets in securities denominated in foreign currencies, and in securities of issuers located in emerging markets. The Sub-Adviser may attempt to reduce currency risk by entering into forward contracts.

The Fund may enter into cleared and OTC swap agreements that effectively bundle the purchase of foreign bonds and the hedging of foreign currency into a single transaction.[25]

[16] Repurchase agreements are agreements pursuant to which securities are acquired by the Fund from a third party with the understanding that they will be repurchased by the seller at a fixed price on an agreed date. These agreements may be made with respect to any of the portfolio securities in which the Fund is authorized to invest. Repurchase agreements may be characterized as loans secured by the underlying securities.

[17] Reverse repurchase agreements 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. The securities purchased with the funds obtained from the agreement and securities collateralizing the agreement will have maturity dates no later than the repayment date.

[18] For purposes of this filing, ETFs consist of Investment Company Units (as described in NYSE Arca Equities Rule 5.2(j)(3)), Portfolio Depositary Receipts (as described in NYSE Arca Equities Rule 8.100), and Managed Fund Shares (as described in NYSE Arca Equities Rule 8.600). All ETFs will be listed and traded in the U.S. on a national securities exchange. The Funds will not invest in leveraged or leveraged inverse ETFs.

[19] A foreign currency forward contract is a negotiated agreement between the contracting parties to exchange a specified amount of currency at a specified future time at a specified rate. The rate can be higher or lower than the spot rate between the currencies that are the subject of the contract.

[20] *See* ''The Funds' Use of Derivatives'', *infra.*

[21] *See* note 8, *supra.*

[22] *See* note 11, *supra.*

[23] *See* note 14, *supra.*

[24] *See* note 18, *supra.*

[25] *See* ''The Funds' Use of Derivatives'', *infra.*

The Fund may invest in securities that are offered pursuant to Rule 144A under the Securities Act.

The average maturity or duration of the Fund's portfolio of Fixed Income Securities will vary based on the Sub-Adviser's assessment of economic and market conditions; however, the Sub-Adviser intends to manage the Fund's portfolio so that it has an average duration of between two and eight years, under normal circumstances.

Other Investments

While the Fund will, under normal circumstances, principally invest its assets in the securities and financial instruments described above, the Fund may invest its remaining assets in the securities and financial instruments described below.

According to the Registration Statement, the Fund may also invest in money market instruments, including other funds which invest exclusively in money market instruments. The Fund may invest up to 20% of its total assets in structured notes. In addition to the types of forward contracts and swaps discussed above, the Fund may invest in other types of forward contracts and swaps, as well as options and futures contracts (as described below), each based on fixed-income securities, currencies, or indexes of fixed-income securities or currencies.

The Fund may invest up to 5% of its assets in U.S. exchange-traded equity securities (excluding ETFs and closed-end funds).

Investment Restrictions

Each Fund may invest up to an aggregate amount of 15% of its net assets in illiquid assets (calculated at the time of investment), including securities that are offered pursuant to Rule 144A under the Securities Act deemed illiquid by the Sub-Adviser.[26] A Fund will monitor its portfolio liquidity on an ongoing basis to determine whether, in light of current circumstances, an adequate level of liquidity is being maintained, and will consider taking appropriate steps in order to maintain adequate liquidity if, through a change in values, net assets, or other circumstances, more than 15% of a Fund's net assets are held in illiquid securities. Illiquid securities include securities subject to contractual or other restrictions on resale and other instruments that lack readily available markets as determined in accordance with Commission staff guidance.[27]

The Funds intend to qualify for and to elect to be treated as separate regulated investment companies (''RICs'') under Subchapter M of the Internal Revenue Code.[28]

A Fund may invest up to 20% of its total assets in MBS (which may include CMBS) or ABS issued or guaranteed by private entities.

A Fund may invest up to 20% of its total assets in junior loans.

The RiverFront Dynamic Unconstrained Income ETF may invest entirely in high yield securities (''junk bonds''). Junk bonds are Fixed Income Securities that are rated below investment grade by nationally recognized statistical rating organizations (''NRSROs''), or are unrated securities that the Sub-Adviser believes are of comparable quality. The Sub-Adviser considers the credit ratings assigned by NRSROs as one of several factors in its independent credit analysis of issuers.

The RiverFront Dynamic Core Income ETF may invest up to 15% of its total assets in Fixed Income Securities that are rated below investment grade by NRSROs, or unrated securities that the Sub-Adviser believes are of comparable quality. The Sub-Adviser considers the credit ratings assigned by NRSROs as one of several factors in its independent credit analysis of issuers.

The Funds will not invest in non-U.S. equity securities.

A Fund's investments will be consistent with a Fund's investment objective and will not be used to enhance leverage. That is, while a Fund will be permitted to borrow as permitted under the 1940 Act, a Fund's investments will not be used to seek performance that is the multiple or inverse multiple (*i.e.*, 2Xs and 3Xs) of a Fund's primary broad-based securities benchmark index (as defined in Form N–1A).[29]

The Funds' Use of Derivatives

Each Fund proposes to seek certain exposures through derivative transactions as described below. With respect to a Fund, derivative instruments may include foreign exchange forward contracts; exchange-traded futures on securities, indices, currencies and other investments; exchange-traded and OTC options; exchange-traded and OTC options on futures contracts; exchange-traded and OTC interest rate swaps, cross-currency swaps, total return swaps, inflation swaps and credit default swaps; and options on such swaps (''swaptions'').[30] Generally, derivatives are financial contracts whose value depends upon, or is derived from, the value of an underlying asset, reference rate or index, and may relate to stocks, bonds, interest rates, currencies or currency exchange rates, commodities, and related indexes. A Fund may, but is not required to, use derivative instruments for risk management purposes or as part of its investment strategies.[31] A Fund may also engage in derivative transactions for speculative purposes to enhance total return, to seek to hedge against fluctuations in securities prices, interest rates or currency rates, to change the effective duration of its portfolio, to manage certain investment risks and/or as a substitute for the purchase or sale of securities or currencies.

Investments in derivative instruments will be made in accordance with the 1940 Act and consistent with a Fund's investment objective and policies. As described further below, a Fund will typically use derivative instruments as a

[26] Rule 144A securities are securities which, while privately placed, are eligible for purchase and resale pursuant to Rule 144A. According to the Registration Statement, Rule 144A permits certain qualified institutional buyers, such as a Fund, to trade in privately placed securities even though such securities are not registered under the Securities Act.

[27] The Commission has stated that long-standing Commission guidelines have required open-end funds to hold no more than 15% of their net assets in illiquid securities and other illiquid assets. *See* Investment Company Act Release No. 28193 (March 11, 2008), 73 FR 14618 (March 18, 2008), footnote 34. *See also,* Investment Company Act Release No. 5847 (October 21, 1969), 35 FR 19989 (December 31, 1970) (Statement Regarding ''Restricted Securities''); Investment Company Act Release No. 18612 (March 12, 1992), 57 FR 9828 (March 20, 1992) (Revisions of Guidelines to Form N–1A). A fund's portfolio security is illiquid if it cannot be disposed of in the ordinary course of business within seven days at approximately the value ascribed to it by the fund. *See* Investment Company Act Release No. 14983 (March 12, 1986), 51 FR 9773 (March 21, 1986) (adopting amendments to Rule 2a–7 under the 1940 Act); Investment Company Act Release No. 17452 (April 23, 1990), 55 FR 17933 (April 30, 1990) (adopting Rule 144A under the Securities Act).

[28] 26 U.S.C. 851.

[29] A Fund's broad-based securities benchmark index will be identified in a future amendment to the Registration Statement following a Fund's first full calendar year of performance.

[30] Options on swaps are traded OTC. In the future, in the event that there are exchange-traded options on swaps, a Fund may invest in these instruments.

[31] A Fund will seek, where possible, to use counterparties whose financial status is such that the risk of default is reduced; however, the risk of losses resulting from default is still possible. The Sub-Adviser will monitor the financial standing of counterparties on an ongoing basis. This monitoring may include information provided by credit agencies, as well as the Sub-Adviser's credit analysts and other team members who evaluate approved counterparties using various methods of analysis, including but not limited to earnings updates, the counterparty's reputation, the Sub-Adviser's past experience with the broker-dealer, market levels for the counterparty's debt and equity, the counterparty's liquidity and its share of market participation.

substitute for taking a position in the underlying asset and/or as part of a strategy designed to reduce exposure to other risks, such as currency risk. A Fund may also use derivative instruments to enhance returns. To limit the potential risk associated with such transactions, a Fund will segregate or ''earmark'' assets determined to be liquid by the Sub-Adviser in accordance with procedures established by a Fund's Board of Trustees (the ''Board'') and in accordance with the 1940 Act (or, as permitted by applicable regulation, enter into certain offsetting positions) to cover its obligations under derivative instruments. These procedures have been adopted consistent with section 18 of the 1940 Act and related Commission guidance. In addition, a Fund will include appropriate risk disclosure in its offering documents, including leveraging risk. Leveraging risk is the risk that certain transactions of a Fund, including a Fund's use of derivatives, may give rise to leverage, causing a Fund to be more volatile than if it had not been leveraged.[32] Because the markets for certain securities, or the securities themselves, may be unavailable or cost prohibitive as compared to derivative instruments, suitable derivative transactions may be an efficient alternative for a Fund to obtain the desired asset exposure.

The Sub-Adviser believes that derivatives can be an economically attractive substitute for an underlying physical security that a Fund would otherwise purchase. For example, as part of a Fund's non-principal investment strategies, a Fund could purchase Treasury futures contracts instead of physical Treasuries or could sell credit default protection on a corporate bond instead of buying a physical bond. Economic benefits include potentially lower transaction costs or attractive relative valuation of a derivative versus a physical bond (*e.g.*, differences in yields).

The Sub-Adviser further believes that derivatives can be used as a more liquid means of adjusting portfolio duration as well as targeting specific areas of yield curve exposure, with potentially lower transaction costs than the underlying securities (*e.g.*, interest rate swaps may have lower transaction costs than physical bonds). Similarly, money market futures can be used, as part of a Fund's non-principal investment strategies, to gain exposure to short-term interest rates in order to express views on anticipated changes in central bank policy rates. In addition, derivatives can be used to protect client assets through selectively hedging downside (or ''tail risks'') in a Fund.

A Fund also can use derivatives to increase or decrease credit exposure. Index credit default swaps (CDX) can be used, as part of a Fund's non-principal investment strategies, to gain exposure to a basket of credit risk by ''selling protection'' against default or other credit events, or to hedge broad market credit risk by ''buying protection''. Single name credit default swaps (CDS) can be used, as part of a Fund's non-principal investment strategies, to allow a Fund to increase or decrease exposure to specific issuers, saving investor capital through lower trading costs. A Fund can use total return swap contracts to obtain the total return of a reference asset or index in exchange for paying a financing cost. A total return swap may be more efficient than buying underlying securities of an index, potentially lowering transaction costs.

A Fund may attempt to reduce foreign currency exchange rate risk by entering into contracts with banks, brokers or dealers to purchase or sell foreign currencies at a future date (''forward contracts'').

The Sub-Adviser believes that the use of derivatives will allow a Fund to selectively add, as part of a Fund's non-principal investment strategies, diversifying sources of return from selling options. Option purchases and sales can also be used, as part of a Fund's non-principal investment strategies, to hedge specific exposures in the portfolio, and can provide access to return streams available to long-term investors such as the persistent difference between implied and realized volatility. Option strategies can, as part of a Fund's non-principal investment strategies, generate income or improve execution prices (*i.e.*, covered calls).

Valuation Methodology for Purposes of Determining Net Asset Value

According to the Registration Statement, the NAV per Share of each Fund will be computed by dividing the value of the net assets of each Fund (*i.e.*, the value of its total assets less total liabilities) by the total number of Shares of the Fund outstanding, rounded to the nearest cent. Expenses and fees, including without limitation, the management fees, will be accrued daily and taken into account for purposes of determining NAV. The NAV per Share will be calculated by each Fund's custodian and determined as of the close of the regular trading session on the New York Stock Exchange (''NYSE'') (ordinarily 4:00 p.m., Eastern Time) on each day that such exchange is open. Information that becomes known to a Fund or its agents after the NAV has been calculated on a particular day will not generally be used to retroactively adjust the price of a portfolio asset or the NAV determined earlier that day. Each Fund reserves the right to change the time its NAV is calculated if the Fund closes earlier, or as permitted by the Commission.

In computing each Fund's NAV, each Fund's Fixed Income Securities will be valued at market value. Market value generally means a valuation (i) obtained from an exchange, a pricing service or a major market maker (or dealer), (ii) based on a price quotation or other equivalent indication of value supplied by an exchange, a pricing service or a major market maker (or dealer) or (iii) based on amortized cost. Each Fund's Fixed Income Securities are thus valued by reference to a combination of transactions and quotations for the same or other securities believed to be comparable in quality, coupon, maturity, type of issue, call provisions, trading characteristics and other features deemed to be relevant. To the extent each Fund's Fixed Income Securities, including some or all of the MBS in which a Fund invests, will be valued based on price quotations or other equivalent indications of value provided by a third-party pricing service, any such third-party pricing service may use a variety of methodologies to value some or all of a Fund's Fixed Income Securities to determine the market price. For example, the prices of securities with characteristics similar to those held by a Fund may be used to assist with the pricing process. In addition, the pricing service may use proprietary pricing models. Each Fund's securities holdings that are traded on a national securities exchange will be valued based on their last sale price. Price information on listed securities will be taken from the exchange where the security is primarily traded. Other portfolio securities and assets for which market quotations are not readily available will be valued based on fair value as determined in good faith in accordance with procedures adopted by the Board.

A third-party pricing service will be used to value some or all of a Fund's MBS. Derivatives for which market quotes are readily available will be valued at market value. Local closing prices will be used for all instrument valuation purposes. Futures will be valued at the last reported sale or settlement price on the day of valuation. Swaps traded on exchanges such as the

[32] To mitigate leveraging risk, the Sub-Adviser will segregate or ''earmark'' liquid assets or otherwise cover the transactions that may give rise to such risk.

Chicago Mercantile Exchange (''CME'') or the Intercontinental Exchange (''ICE–US'') will use the applicable exchange closing price where available. Foreign currency-denominated derivatives will generally be valued as of the respective local region's market close.

With respect to specific derivatives:

• Currency spot and forward rates from major market data vendors [33] will generally be determined as of the NYSE Close.

• Exchange-traded futures will generally be valued at the settlement price of the relevant exchange.

• A total return swap on an index will be valued at the publicly available index price. The index price, in turn, is determined by the applicable index calculation agent, which generally values the securities underlying the index at the last reported sale price.

• Bank loan total return swaps will generally be valued using the evaluated underlying bank loan price minus the strike price of the loan.

• Exchange-traded non-equity options, (for example, options on bonds, Eurodollar options and U.S. Treasury options), index options, and options on futures will generally be valued at the official settlement price determined by the relevant exchange, if available.

• OTC foreign currency (FX) options will generally be valued by pricing vendors.

• All other swaps such as interest rate swaps, inflation swaps, swaptions, credit default swaps, and CDX/CDS will generally be valued by pricing services.

Derivatives Valuation Methodology for Purposes of Determining Intra-Day Indicative Value

On each business day, before commencement of trading in Fund Shares on NYSE Arca, a Fund will disclose on its Web site the identities and quantities of the portfolio instruments and other assets held by a Fund that will form the basis for a Fund's calculation of NAV at the end of the business day.

In order to provide additional information regarding the intra-day value of Shares of a Fund, the NYSE Arca or a market data vendor will disseminate every 15 seconds through the facilities of the Consolidated Tape Association or other widely disseminated means an updated Intra-day Indicative Value (''IIV'') for a Fund as calculated by a third party market data provider.

A third party market data provider will calculate the IIV for each Fund. For the purposes of determining the IIV, the third party market data provider's valuation of derivatives is expected to be similar to their valuation of all securities. The third party market data provider may use market quotes if available or may fair value securities against proxies (such as swap or yield curves).

With respect to specific derivatives:

• Foreign currency derivatives may be valued intraday using market quotes, or another proxy as determined to be appropriate by the third party market data provider.

• Futures may be valued intraday using the relevant futures exchange data, or another proxy as determined to be appropriate by the third party market data provider.

• Interest rate swaps and cross-currency swaps may be mapped to a swap curve and valued intraday based on changes of the swap curve, or another proxy as determined to be appropriate by the third party market data provider.

• Index credit default swaps (such as, CDX/CDS) may be valued using intraday data from market vendors, or based on underlying asset price, or another proxy as determined to be appropriate by the third party market data provider.

• Total return swaps may be valued intraday using the underlying asset price, or another proxy as determined to be appropriate by the third party market data provider.

• Exchange listed options may be valued intraday using the relevant exchange data, or another proxy as determined to be appropriate by the third party market data provider.

• OTC options and swaptions may be valued intraday through option valuation models (*e.g.*, Black-Scholes) or using exchange traded options as a proxy, or another proxy as determined to be appropriate by the third party market data provider.

Disclosed Portfolio

The Funds' disclosure of derivative positions in the Disclosed Portfolio will include information that market participants can use to value these positions intraday. On a daily basis, the Adviser or Sub-Adviser will disclose on the Funds' Web site the following information regarding each portfolio holding, as applicable to the type of holding: Ticker symbol, CUSIP number or other identifier, if any; a description of the holding (including the type of holding, such as the type of swap); the identity of the security, commodity, index or other asset or instrument underlying the holding, if any; for options, the option strike price; quantity held (as measured by, for example, par value, notional value or number of shares, contracts or units); maturity date, if any; coupon rate, if any; effective date, if any; market value of the holding; and the percentage weighting of the holding in each Fund's portfolio. The Web site information will be publicly available at no charge.

Impact on Arbitrage Mechanism

The Adviser believes there will be minimal, if any, 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 creation 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 a 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 a Fund processes purchases or redemptions of creation units in-kind.

Creation and Redemption of Shares

Shares may be created and redeemed in ''Creation Unit'' size aggregations of 50,000 or multiples thereof. The size of a Creation Unit is subject to change. In order to purchase Creation Units of a Fund, an investor must generally deposit a designated portfolio of securities (the ''Deposit Securities'') (and/or an amount in cash in lieu of some or all of the Deposit Securities) and generally make a cash payment referred to as the ''Cash Component.'' The list of the names and the amounts of the Deposit Securities is made available by the Funds' custodian through the facilities of the National Securities Clearing Corporation (''NSCC'') immediately prior to the opening of business each day of the NYSE Arca. The Cash Component represents the difference between the NAV of a Creation Unit and the market value of the Deposit Securities. Creations and redemptions of Shares may only be made through an Authorized Participant, as described in the Registration Statement.

[33] Major market data vendors may include, but are not limited to: Thomson Reuters, JPMorgan Chase PricingDirect Inc., Markit Group Limited, Bloomberg, Interactive Data Corporation or other major data vendors.

Shares may be redeemed only in Creation Units at their NAV and only on a day the NYSE Arca is open for business. The Funds' custodian will make available immediately prior to the opening of business each day of the NYSE Arca, through the facilities of the NSCC, the list of the names and the amounts of each Fund's portfolio securities that will be applicable that day to redemption requests in proper form (''Fund Securities''). Fund Securities received on redemption may not be identical to Deposit Securities, which are applicable to purchases of Creation Units.

Unless cash redemptions or partial cash redemptions are available or specified for a Fund, the redemption proceeds will consist of the Fund Securities, plus cash in an amount equal to the difference between the NAV of Shares being redeemed as next determined after receipt by the transfer agent of a redemption request in proper form, and the value of the Fund Securities (the ''Cash Redemption Amount''), less the applicable redemption fee and, if applicable, any transfer taxes.[34]

Availability of Information

The Funds' Web site (*www.alpsetfs.com*), which will be publicly available prior to the public offering of Shares, will include a form of the prospectus for each Fund that may be downloaded. The Funds' Web site will include additional quantitative information updated on a daily basis, including, for each 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''),[35] 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, each Fund will disclose on its Web site the Disclosed Portfolio as defined in NYSE Arca Equities Rule 8.600(c)(2) that will form the basis for the Fund's calculation of NAV at the end of the business day.[36]

In addition, a basket composition file, which will include 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 NYSE via NSCC. The basket represents one Creation Unit of the applicable Fund.

Investors can also obtain the Trust's Statement of Additional Information (''SAI''), the Funds' Shareholder Reports, and 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 Web site at *www.sec.gov*. Information regarding market price and trading volume for the Shares will be 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 will be published daily in the financial section of newspapers. Quotation and last sale information for the Shares, U.S. exchange-traded common stocks, ETFs and closed-end funds will be available via the Consolidated Tape Association (''CTA'') high-speed line. Price information for exchange-traded derivative instruments will be available from the applicable exchange and from major market data vendors. Price information for forwards, swaps, money market instruments, repurchase agreements, reverse repurchase agreements, OTC options, structured notes, and OTC derivative instruments will be available from major market data vendors. Intra-day and closing price information for exchange-traded options and futures will be available from the applicable exchange and from major market data vendors. In addition, price information for U.S. exchange-traded options is available from the Options Price Reporting Authority. Quotation information from brokers and dealers or independent pricing services will be available for Fixed Income Securities. In addition, the IIV, 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.[37] The dissemination of the IIV, together with the Disclosed Portfolio, will allow investors to determine the value of the underlying portfolio of each Fund on a daily basis and provide 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 a Fund.[38] Trading in Shares of a Fund 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. These may include: (1) The extent to which trading is not occurring in the securities and/or the financial instruments comprising the Disclosed Portfolio of a Fund; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. Trading in the Shares will be subject to NYSE Arca Equities Rule 8.600(d)(2)(D), which sets forth circumstances under which Shares of a Fund may be halted.

Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading

---

[34] Each Fund may, in certain circumstances, allow cash creations or partial cash creations but not redemptions (or vice versa) if the Sub-Adviser believes it will allow the Fund to adjust its portfolio in a manner which is more efficient for shareholders. Each Fund may allow creations or redemptions to be conducted partially in cash only where certain instruments are (i) in the case of the purchase of a Creation Unit, not available in sufficient quantity for delivery; (ii) not eligible for transfer through either the NSCC or DTC; or (iii) not eligible for trading due to local trading restrictions, local restrictions on securities transfers or other similar circumstances. To the extent each Fund allows creations or redemptions to be conducted wholly or partially in cash, such transactions will be effected in the same manner for all Authorized Participants on a given day except where: (i) Such instruments are, in the case of the purchase of a Creation Unit, not available to a particular Authorized Participant in sufficient quantity; (ii) such instruments are not eligible for trading by an Authorized Participant or the investor on whose behalf the Authorized Participant is acting; or (iii) a holder of Shares of a Fund would be subject to unfavorable income tax treatment if the holder receives redemption proceeds in kind. According to the Registration Statement, an additional variable charge for cash or partial cash creations, and cash or partial cash redemptions, may also be imposed to compensate a Fund for the costs associated with buying the applicable securities.

[35] The Bid/Ask Price of each 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 a Fund's NAV. The records relating to Bid/Ask Prices will be retained by a Fund and its service providers.

[36] Under accounting procedures to be followed by the Funds, trades made on the prior business day (''T'') will be booked and reflected in NAV on the current business day (''T+1''). Accordingly, each Fund will be 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.

[37] Currently, it is the Exchange's understanding that several major market data vendors display and/or make widely available IIVs taken from CTA or other data feeds.

[38] *See* NYSE Arca Equities Rule 7.12, Commentary .04.

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 a.m. to 8 p.m. Eastern Time in accordance with NYSE Arca Equities Rule 7.34 (Opening, 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 Equities Rule 7.6, Commentary .03, 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.

The Shares will conform to the initial and continued listing criteria under NYSE Arca Equities Rule 8.600. The Exchange represents that, for initial and/or continued listing, each Fund will be in compliance with Rule 10A–3 [39] under the Act, as provided by NYSE Arca Equities Rule 5.3. A minimum of 100,000 Shares of each Fund will be outstanding at the commencement of trading on the Exchange. 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 of each Fund will be made available to all market participants at the same time.

Surveillance

The Exchange represents that trading in the Shares will be subject to the existing trading surveillances, administered by the Financial Industry Regulatory Authority (''FINRA'') on behalf of the Exchange, or regulatory staff 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 federal securities laws applicable to trading on the Exchange.[40]

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.

FINRA, on behalf of the Exchange, or regulatory staff of the Exchange, will communicate as needed regarding trading in the Shares, certain exchange-traded options and futures, certain exchange-traded equities with other markets or other entities that are members of the Intermarket Surveillance Group (''ISG''),[41] and FINRA or regulatory staff of the Exchange may obtain trading information regarding trading in the Shares, certain exchange-traded options and futures, and certain exchange-traded equities from such markets or entities. In addition, the Exchange may obtain information regarding trading in the Shares, certain exchange-traded options and futures, and certain exchange-traded equities from markets or other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.[42] 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'').

Not more than 10% of the net assets of a Fund in the aggregate invested in futures contracts or options contracts shall consist of futures contracts or exchange-traded options contracts whose principal market is not a member of ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement.

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

Information Bulletin

Prior to the commencement of trading, the Exchange will inform its Equity Trading Permit (''ETP'') Holders in an Information Bulletin (''Bulletin'') of the special characteristics and risks associated with trading the Shares. 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 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; (3) the risks involved in trading the Shares during the Opening and Late Trading Sessions when an updated IIV will not be calculated or publicly disseminated; (4) how information regarding the IIV 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 each 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 will be calculated after 4:00 p.m. Eastern Time each trading day.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under section 6(b)(5) [43] 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 Equities Rule 8.600. The Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Shares in all trading sessions and to deter and detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange.

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 Sub-Adviser is affiliated with a broker-dealer and has represented that it has implemented a fire wall with respect to its broker-dealer affiliate regarding access to information concerning the composition and/or changes to the portfolio. 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

[39] 17 CFR 240.10A–3.

[40] FINRA surveils trading on the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement.

[41] For a list of the current members of ISG, *see www.isgportal.org.* The Exchange notes that not all components of the Disclosed Portfolio may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

[42] Certain of the exchange-traded equity instruments in which a Fund may invest may trade in markets that are not members of ISG.

[43] 15 U.S.C. 78f(b)(5).

Portfolio will be made available to all market participants at the same time. FINRA, on behalf of the Exchange, or regulatory staff of the Exchange, will communicate as needed regarding trading in the Shares, certain exchange-traded options and futures, certain exchange-traded equities with other markets or other entities that are members of the ISG, and FINRA or regulatory staff of the Exchange may obtain trading information regarding trading in the Shares, certain exchange-traded options and futures, certain exchange-traded equities from such markets or entities. In addition, the Exchange may obtain information regarding trading in the Shares, certain exchange-traded options and futures, certain exchange-traded equities from markets or 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 a Fund reported to FINRA's TRACE.

Each Fund's disclosure of derivative positions in the Disclosed Portfolio will include information that market participants can use to value these positions intraday. On a daily basis, the Funds will disclose on the Funds' Web site the following information regarding each portfolio holding, as applicable to the type of holding: Ticker symbol, CUSIP number or other identifier, if any; a description of the holding (including the type of holding, such as the type of swap); the identity of the security, commodity, index or other asset or instrument underlying the holding, if any; for options, the option strike price; quantity held (as measured by, for example, par value, notional value or number of shares, contracts or units); maturity date, if any; coupon rate, if any; effective date, if any; market value of the holding; and the percentage weighting of the holding in each Fund's portfolio. Price information for the debt and equity securities held by a Fund will be available through major market data vendors and on the applicable securities exchanges on which such securities are listed and traded. In addition, a large amount of information will be publicly available regarding the Funds and the Shares, thereby promoting market transparency. Moreover, the IIV will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Exchange's Core Trading Session. On each business day, before commencement of trading in Shares in the Core Trading Session on the Exchange, each Fund will disclose on its Web site the Disclosed Portfolio that will form the basis for the Fund's calculation of NAV at the end of the business day. 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 quotation and last sale information will be available via the CTA high-speed line. The Web site for the Funds will include a form of the prospectus for each Fund and additional data relating to NAV and other applicable quantitative information. Moreover, prior to the commencement of trading, the Exchange will inform its ETP Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. Trading in Shares of a Fund will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 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 Equities Rule 8.600(d)(2)(D), which sets forth circumstances under which Shares of a Fund may be halted. In addition, as noted above, investors will have ready access to information regarding each Fund's holdings, the IIV, the Disclosed Portfolio, and quotation and last sale information for the Shares.

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 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 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. Not more than 10% of the net assets of a Fund in the aggregate invested in futures contracts or exchange-traded options contracts shall consist of futures contracts or exchange-traded options contracts whose principal market is not a member of ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement. In addition, as noted above, investors will have ready access to information regarding each Fund's holdings, the IIV, the Disclosed Portfolio, and quotation and last sale information for the Shares.

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 primarily holds Fixed Income Securities, which may be represented by certain derivative instruments as discussed above, which 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. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the **Federal Register** or up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve or disapprove the proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

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

Electronic Comments

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

• Send an email to *rule-comments@sec.gov*. Please include File Number SR–NYSEArca–2015–125 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–2015–125. 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 Section, 100 F Street NE., Washington, DC 20549–1090 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the 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–2015–125 and should be submitted on or before January 27, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[44]

Jill M. Peterson,

Assistant Secretary.

[FR Doc. 2015–33207 Filed 1–5–16; 8:45 am]

BILLING CODE 8011–01–P

[44] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–76802; File No. SR–DTC–2015–012]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Add a Fee To Be Charged To Transfer Agents of DTC-Eligible Issues Subject to a Corporate Action

December 30, 2015.

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 December 24, 2015, The Depository Trust Company (''DTC'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II and III below, which Items have been prepared by DTC. DTC filed the proposed rule change pursuant to section 19(b)(3)(A) of the Act[3] and Rule 19b–4(f)(2) thereunder.[4] The proposed rule change was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change consists of a change to DTC's Fee Schedule (''Fee Schedule'')[5] to add a new fee that would be charged to the transfer agent of any DTC-eligible issue when the transfer agent notifies DTC of a corporate action event (''Corporate Action'') that requires a new CUSIP to be made DTC-eligible,[6] as more fully described below.[7]

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, DTC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. DTC has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The proposed rule change would add a fee to the Fee Schedule that would be charged to the transfer agent of a DTC-eligible security when DTC is notified by the transfer agent to process a Corporate Action with respect to the security that requires DTC to make a new CUSIP eligible for DTC services.

Background

Securities may become eligible for deposit at DTC through initial offerings,[8] the Older Issue Eligibility Request process,[9] and Corporate Actions processing.[10] Through ongoing efforts to evaluate its fees and align them with operating costs, DTC has identified that it is not recovering costs that it incurs in connection with making securities eligible for DTC services through its Corporate Actions process.[11]

Proposal

Pursuant to the proposed rule change, in order to align DTC's fees with the costs it incurs in making securities eligible for DTC services through its processing of Corporate Actions, DTC would implement a new fee, to be known as the Corporate Actions Eligibility Fee (''New Fee''), which would be charged to the transfer agent of any DTC-eligible security when the transfer agent notifies DTC of a Corporate Action that requires DTC to make a new CUSIP eligible for DTC services. The amount of the New Fee would be $1,000 per new CUSIP for any security that is made eligible at DTC in connection with a Corporate Action.[12]

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

[2] 17 CFR 240.19b–4.

[3] 15 U.S.C. 78s(b)(3)(A).

[4] 17 CFR 240.19b–4(f)(2).

[5] *Available at http://www.dtcc.com/~/media/Files/Downloads/legal/fee-guides/dtcfeeguide.pdf?la=en.*

[6] Corporate Actions processed by DTC include but are not limited to the restructuring of DTC-eligible securities resulting from mergers, acquisitions, and reverse splits. DTC performs Corporate Actions processing primarily through its Mandatory and Voluntary Reorganization Services by the DTC Reorganization Department (''Reorganization''). Additionally, with respect to any Corporate Action that requires DTC to make a new CUSIP(s) DTC-eligible DTC's Underwriting Department (''Underwriting'') must also process the eligibility component of the Corporate Action. DTC processes the new CUSIP(s) for eligibility pursuant to the transfer agent's notification to DTC of the Corporate Action and related instructions and information detailing the issuance of the new CUSIP(s) provided by the transfer agent. *See generally,* the DTC Operational Arrangements (''OA''), *available at http://www.dtcc.com/~/media/Files/Downloads/legal/issue-eligibility/eligibility/operational-arrangements.pdf.*

[7] Each term not otherwise defined herein has its respective meaning as set forth in the Rules, By-Laws and Organization Certificate of DTC (the ''Rules''), *available at http://www.dtcc.com/legal/rules-and-procedures.aspx.*

[8] An initial offering is made eligible for deposit at DTC pursuant to an eligibility request to Underwriting from a sponsoring Participant. *See* OA, *supra* note 6, pp. 1–2 (Submission of an Eligibility Request to DTC).

[9] Older issues (*i.e.,* issues on the secondary market) may be made eligible for deposit pursuant to an Older Issue Eligibility Request of a DTC Participant to Underwriting. *See id* [sic] at p. 2.

[10] *See supra* text accompanying note 6.

[11] Eligibility fees for initial offerings and older issues are charged to the Participants that sponsor the issues for DTC eligibility. DTC does not currently charge an eligibility fee with respect to CUSIPS [sic] made eligible in connection with a Corporate Action. *See* Fee Schedule, *supra* note 5, at pp. 25–26.

[12] For example, in the case of an issue of DTC-eligible common stock under CUSIP W which undergoes a reverse split, with the newly-denominated common stock issued under CUSIP X, the transfer agent for that security would incur a charge of $1,000 for the processing of the reverse split. If the same issuer subsequently undergoes a

Continued