

the directors/trustees may fully carry out the obligations imposed upon the Board by the conditions contained in the Application. Such reports, materials and data shall be submitted more frequently if deemed appropriate by the Board. The obligations of the Participants to provide these reports, materials and data to the Board, when it so reasonably requests, shall be a contractual obligation of all Participants under their participation agreement with the Fund.

13. All reports of potential or existing conflicts received by a Board, and all Board action with regard to determining the existence of a conflict, notifying Participants of a conflict and determining whether any proposed action adequately remedies a conflict, will be properly recorded in the minutes of the Board or other appropriate records, and such minutes or other records shall be made available to the Commission upon request.

14. Each Fund will not accept a purchase order from a Qualified Plan if such purchase would make the Qualified Plan an owner of 10 percent or more of the assets of a Fund unless the Qualified Plan executes an agreement with the Fund governing participation in the Fund that includes the conditions set forth herein to the extent applicable. A Qualified Plan will execute an application containing an acknowledgement of this condition at the time of its initial purchase of shares.

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

**Eduardo A. Aleman,**

*Assistant Secretary.*

[FR Doc. 2018-12509 Filed 6-8-18; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-789, OMB Control No. 3235-0371]

### Proposed Collection; Comment Request; Generic ICR: Generic Clearance for the Collection of Qualitative Feedback on Agency Service Delivery

*Upon Written Request Copies Available From:* U.S. Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549-2736

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (“Commission”) is soliciting comments

on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

The information collection activity will garner qualitative customer and stakeholder feedback in an efficient, timely manner, in accordance with the Administration’s commitment to improving service delivery. By qualitative feedback we mean information that provides useful insights on perceptions and opinions, but are not statistical surveys that yield quantitative results that can be generalized to the population of study. This feedback will provide insights into customer or stakeholder perceptions, experiences and expectations, provide an early warning of issues with service, or focus attention on areas where communication, training or changes in operations might improve delivery of products or services. These collections will allow for ongoing, collaborative and actionable communications between the SEC and its customers and stakeholders. It will also allow feedback to contribute directly to the improvement of program management.

Feedback collected under this generic clearance will provide useful information, but it will not yield data that can be generalized to the overall population. This type of generic clearance for qualitative information will not be used for quantitative information collections that are designed to yield reliably actionable results, such as monitoring trends over time or documenting program performance. Depending on the degree of influence the results are likely to have, such collections may still be eligible for submission for other generic mechanisms that are designed to yield quantitative results.

Below is the projected average estimates for the next three years:

*Expected Annual Number of Activities:* [10].

*Respondents:* [20,000].

*Annual Responses:* [20,000].

*Frequency of Response:* Once per request.

*Average Minutes per Response:* [10].

*Burden Hours:* [3500].

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission’s estimates of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity

of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

*Please direct your written comments to:* Pamela Dyson, Director/Chief Information Officer, Securities and Exchange Commission, c/o Candace Kenner, 100 F Street NE, Washington, DC 20549, or send an email to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov).

Dated: June 5, 2018.

**Eduardo A. Aleman,**

*Assistant Secretary.*

[FR Doc. 2018-12434 Filed 6-8-18; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-83381; File No. SR-NYSEArca-2018-38]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change Relating to the Index Methodology Applicable to Indexes Underlying iShares California AMT-Free Muni Bond ETF and iShares New York AMT-Free Muni Bond ETF

June 5, 2018.

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 May 21, 2018, NYSE Arca, Inc. (“Exchange” or “NYSE Arca”) 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 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 changes relating to the index methodology applicable to the indexes underlying

<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.

shares of the following series of Investment Company Units that are currently listed and traded on the Exchange under NYSE Arca Rule 5.2–E(j)(3): iShares California AMT-Free Muni Bond ETF and iShares New York AMT-Free Muni Bond ETF. The proposed change is available on the Exchange's website 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, of the most significant parts of such statements.

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

#### 1. Purpose

The Exchange currently lists and trades shares ("Shares") of the iShares California AMT-Free Muni Bond ETF ("CA Fund") and iShares New York AMT-Free Muni Bond ETF ("NY Fund") and, together with the CA Fund, the "Funds")<sup>4</sup> under NYSE Arca Rule 5.2–E(j)(3), which governs the listing and trading of Investment Company Units ("Units") based on fixed income securities indexes.<sup>5</sup> The Funds are series of the iShares Trust ("Trust").<sup>6</sup>

<sup>4</sup> On July 1, 2017 (as revised October 18, 2017), the Trust filed an amendment to its registration statement on Form N-1A under the Securities Act of 1933 (15 U.S.C. 77a) ("1933 Act") and the Investment Company Act of 1940 ("1940 Act") (15 U.S.C. 80a-1) (File Nos. 333-92935 and 811-09729) (the "Registration Statement"). The description of the operation of the Trust and the Funds herein is based, in part, on the Registration Statement. The Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act. See Investment Company Act Release No. 27608 (December 21, 2006) (File No. 812-13208) ("Exemptive Order").

<sup>5</sup> The Funds were initially listed on the American Stock Exchange, Inc. ("Amex") (now NYSE American LLC) on October 4, 2007 pursuant to the generic listing criteria of Amex Rule 1000A. On October 6, 2008, the listings transferred from the Amex to NYSE Arca, which changes were effected pursuant to NYSE Arca Equities Rule 5.2(j)(3), Commentary .02.

<sup>6</sup> The Commission previously has approved proposed rule changes relating to listing and trading on the Exchange of Units based on municipal bond

The Exchange is proposing changes relating to the index methodology applicable to indexes underlying Shares of the Funds, as described below.

Blackrock Fund Advisors is the investment adviser ("BFA" or "Adviser") for the Funds.<sup>7</sup> Blackrock

indexes. See Securities Exchange Act Release Nos. 67985 (October 4, 2012), 77 FR 61804 (October 11, 2012) (SR-NYSEArca-2012-92) (order approving proposed rule change relating to the listing and trading of iShares 2018 S&P AMT-Free Municipal Series and iShares 2019 S&P AMT-Free Municipal Series under NYSE Arca Equities Rule 5.2(j)(3), Commentary .02); 67729 (August 24, 2012), 77 FR 52776 (August 30, 2012) (SR-NYSEArca-2012-92) (notice of proposed rule change relating to the listing and trading of iShares 2018 S&P AMT-Free Municipal Series and iShares 2019 S&P AMT-Free Municipal Series under NYSE Arca Equities Rule 5.2(j)(3), Commentary .02); 72523, (July 2, 2014), 79 FR 39016 (July 9, 2014) (SR-NYSEArca-2014-37) (order approving proposed rule change relating to the listing and trading of iShares 2020 S&P AMT-Free Municipal Series under NYSE Arca Equities Rule 5.2(j)(3), Commentary .02); 72172 (May 15, 2014), 79 FR 29241 (May 21, 2014) (SR-NYSEArca-2014-37) (notice of proposed rule change relating to the listing and trading of iShares 2020 S&P AMT-Free Municipal Series under NYSE Arca Equities Rule 5.2(j)(3), Commentary .02); 72464 (June 25, 2014), 79 FR 37373 (July 1, 2014) (File No. SR-NYSEArca-2014-45) (order approving proposed rule change governing the continued listing and trading of shares of the PowerShares Insured California Municipal Bond Portfolio, PowerShares Insured National Municipal Bond Portfolio, and PowerShares Insured New York Municipal Bond Portfolio); 75468 (July 16, 2015), 80 FR 43500 (July 22, 2015) (SR-NYSEArca-2015-25) (order approving proposed rule change relating to the listing and trading of iShares iBonds Dec 2021 AMT-Free Muni Bond ETF and iShares iBonds Dec 2022 AMT-Free Muni Bond ETF under NYSE Arca Equities Rule 5.2(j)(3)); 74730 (April 15, 2015), 76 FR 22234 (April 21, 2015) (notice of proposed rule change relating to the listing and trading of iShares iBonds Dec 2021 AMT-Free Muni Bond ETF and iShares iBonds Dec 2022 AMT-Free Muni Bond ETF under NYSE Arca Equities Rule 5.2(j)(3), Commentary .02); 74730 75376 (July 7, 2015), 80 FR 40113 (July 13, 2015) (SR-NYSEArca-2015-18) (order approving proposed rule change relating to the listing and trading of Vanguard Tax-Exempt Bond Index Fund under NYSE Arca Equities Rule 5.2(j)(3)). The Commission also has issued a notice of filing and immediate effectiveness of a proposed rule change relating to listing and trading on the Exchange of shares of the iShares Taxable Municipal Bond Fund. See Securities Exchange Act Release No. 63176 (October 25, 2010), 75 FR 66815 (October 29, 2010) (SR-NYSEArca-2010-94). The Commission has approved for Exchange listing and trading of shares of actively managed funds of that principally hold municipal bonds. See, e.g., Securities Exchange Act Release Nos. 60981 (November 10, 2009), 74 FR 59594 (November 18, 2009) (SR-NYSEArca-2009-79) (order approving listing and trading of shares of the PIMCO Short-Term Municipal Bond Strategy Fund and PIMCO Intermediate Municipal Bond Strategy Fund); 79293 (November 10, 2016), 81 FR 81189 (November 17, 2016) (SR-NYSEArca-2016-107) (order approving listing and trading of shares of Cumberland Municipal Bond ETF). The Commission also has approved listing and trading on the Exchange of shares of the SPDR Nuveen S&P High Yield Municipal Bond Fund under Commentary .02 of NYSE Arca Equities Rule 5.2(j)(3). See Securities Exchange Act Release No. 63881 (February 9, 2011), 76 FR 9065 (February 16, 2011) (SR-NYSEArca-2010-120).

<sup>7</sup> An investment adviser to an open-end fund is required to be registered under the Investment

Investments, LLC is the Funds' distributor ("Distributor"). State Street Bank and Trust Company is the administrator, custodian and fund accounting and transfer agent for each Fund.<sup>8</sup>

### Changes to Indexes Underlying the Funds

The index currently underlying the CA Fund is the S&P California AMT-Free Muni Bond Index ("CA Index") and the index underlying the NY Fund is the S&P New York AMT-Free Muni Bond Index ("NY Index"), and, together with the CA Index, the "Indexes"). S&P Dow Jones Indices LLC, the index provider ("Index Provider") for the Indexes,<sup>9</sup> previously proposed changes to the inclusion rules of both the CA Index and the NY Index.<sup>10</sup> While no

Advisers Act of 1940 (the "Advisers Act"). As a result, the Adviser and its related personnel are subject to the provisions of Rule 204A-1 under the Advisers Act relating to codes of ethics. This Rule requires investment advisers to adopt a code of ethics that reflects the fiduciary nature of the relationship to clients as well as compliance with other applicable securities laws. Accordingly, procedures designed to prevent the communication and misuse of non-public information by an investment adviser must be consistent with Rule 204A-1 under the Advisers Act. In addition, Rule 206(4)-7 under the Advisers Act makes it unlawful for an investment adviser to provide investment advice to clients unless such investment adviser has (i) adopted and implemented written policies and procedures reasonably designed to prevent violation, by the investment adviser and its supervised persons, of the Advisers Act and the Commission rules adopted thereunder; (ii) implemented, at a minimum, an annual review regarding the adequacy of the policies and procedures established pursuant to subparagraph (i) above and the effectiveness of their implementation; and (iii) designated an individual (who is a supervised person) responsible for administering the policies and procedures adopted under subparagraph (i) above.

<sup>8</sup> The Commission approved continued listing and trading of Shares of the Funds in Securities Exchange Act Release Nos. 82295 (December 12, 2017), 82 FR 60056 (December 18, 2017) (SR-NYSEArca-2017-56) (Notice of Filing of Amendment No. 3 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 3, to List and Trade Shares of Twelve Series of Investment Company Units Pursuant to NYSE Arca Rule 5.2–E(j)(3) ("Municipal Bond ETF Order"). In that filing, the Exchange proposed to facilitate the listing and trading of Shares of the Funds, in addition to other series of Units based on municipal bond indexes notwithstanding the fact that the indices on which they are based do not meet the requirements of Commentary .02(a)(2) to Rule 5.2–E(j)(3). See "Application of the Generic Listing Criteria", *infra*.

<sup>9</sup> The Index Provider is not a broker-dealer or affiliated with a broker-dealer and has implemented procedures designed to prevent the use and dissemination of material, non-public information regarding the Indexes.

<sup>10</sup> On November 7, 2014, S&P Dow Jones Indices ("S&P") issued a press release announcing methodology changes for the Indexes to be implemented prior to the February 2015 month-end rebalances for such indexes ("S&P Announcement"). On April 3, 2015, S&P issued a

Continued

future changes to the methodologies applicable to the Indexes have been announced by the Index Provider, the Exchange is proposing continued listing criteria to accommodate continued listing and trading of Shares of the Funds in accordance with possible future changes to the CA Index and NY Index methodologies, as described below, in the event such changes were to be implemented.<sup>11</sup>

#### The Funds and the Indexes

##### The iShares California AMT-Free Muni Bond ETF

The CA Fund currently seeks to track the investment results of the CA Index, which measures the performance of the investment-grade segment of the California municipal bond market. As of December 29, 2017, the CA Index included 2,229 component fixed income municipal bond securities from 206 distinct municipal bond issuers in the State of California. The most heavily weighted security in the index represented approximately 0.56% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented approximately 2.52% of the total weight of the index.

Approximately 39.15% of the weight of the components in the index had a minimum original principal amount outstanding of \$100 million or more. In addition, the total dollar amount outstanding of issues in the index was approximately \$148,688,995,000 and the average dollar amount outstanding of issues in the index was approximately \$66,706,593.

Under normal market conditions,<sup>12</sup> the CA Fund invests at least 90% of its

press release cancelling the proposed methodology change. S&P would be expected to issue a press release prior to implementing any future material changes to the methodology that would include the implementation date for such changes. Any future material changes to the Indexes for the Funds would be reflected in an amendment to the Funds' Registration Statement.

<sup>11</sup> The Commission has approved the Exchange's proposed rule change to facilitate the continued listing and trading of shares of the Funds notwithstanding the fact that the indices on which they are based do not meet the requirements of Commentary .02(a)(2) to Rule 5.2(j)(3). Commentary .02 to Rule 5.2–E(j)(3) sets forth the generic listing requirements for an index of fixed income securities underlying a series of Units. One of the enumerated listing requirements is that component fixed income securities that, in the aggregate, account for at least 75% of the weight of the index each shall have a minimum principal amount outstanding of \$100 million or more. (Commentary .02(a)(2) to NYSE Arca Rule 5.2–E(j)(3)). Each of the indices on which the Funds are based do not meet such requirement but meet all of the other requirements of such rule. See also Municipal Bond ETF Order, note 8, *supra*.

<sup>12</sup> The term "normal market conditions" includes, but is not limited to, the absence of trading halts

assets in the component securities of the CA Index. With respect to the remaining 10% of its assets, the CA Fund may invest in short-term debt instruments issued by state governments, municipalities or local authorities, cash, exchange-traded U.S. Treasury futures and municipal money market funds, as well as in municipal bond securities not included in the CA Index, but which the Adviser believes will help the CA Fund track the CA Index. The CA Index is a subset of the S&P National AMT-Free Municipal Bond Index™ and is comprised of municipal bonds issued in the State of California. The CA Index includes municipal bonds from issuers in the State of California that are California state or local governments or agencies whose interest payments are exempt from U.S. federal and California state income taxes and the federal alternative minimum tax ("AMT"). Each bond in the current CA Index must be a constituent of an offering where the original offering amount of the constituent bonds in the aggregate was at least \$100 million. The bond must have a total minimum par amount of \$25 million to be eligible for inclusion. To remain in the CA Index, bonds must maintain a total minimum par amount greater than or equal to \$25 million as of the next "Rebalancing Date".

##### iShares New York AMT-Free Muni Bond ETF

The NY Fund seeks to track the investment results of the NY Index, which measures the performance of the investment-grade segment of the New York municipal bond market. As of December 29, 2017, the NY Index included 2,404 component fixed income municipal bond securities from 42 distinct municipal bond issuers in the State of New York. The most heavily weighted security in the NY Index represented approximately 1.02% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the NY Index represented approximately 2.17% of the total weight of the index. Approximately 30.95% of the weight of the components in the index had a minimum original principal amount outstanding of \$100 million or more.

In addition, the total dollar amount outstanding of issues in the index was approximately \$140,192,465,000 and the average dollar amount outstanding

in the applicable financial markets generally; operational issues (e.g., systems failure) causing dissemination of inaccurate market information; or force majeure type events such as natural or manmade disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.

of issues in the index was approximately \$58,389,198.

Under normal market conditions, the NY Fund invests at least 90% of its assets in the component securities of the NY Index. With respect to the remaining 10% of its assets, the NY Fund may invest in short-term debt instruments issued by state governments, municipalities or local authorities, cash, exchange-traded U.S. Treasury futures and municipal money market funds, as well as in municipal bond securities not included in the NY Index, but which the Adviser believes will help the NY Fund track the NY Index.

The NY Index also is a subset of the S&P National AMT-Free Municipal Bond Index™ and is comprised of municipal bonds issued in the State of New York. The NY Index includes municipal bonds from issuers in the State of New York that are New York state or local governments or agencies whose interest payments are exempt from U.S. federal and New York state income taxes and the federal AMT. Each bond in the NY Index must be a constituent of an offering where the original offering amount of the constituent bonds in the aggregate was at least \$100 million. The bond must have a minimum total par amount of \$25 million to be eligible for inclusion. To remain in the NY Index, bonds must maintain a minimum total par amount greater than or equal to \$25 million as of the next Rebalancing Date.

##### Requirements for the CA Index and NY Index

The Adviser wishes to position the Funds to accommodate continued listing and trading of Shares of the Funds in the event that changes, consistent with those described below, are implemented in the Index methodologies.<sup>13</sup>

On a continuous basis, the CA Index and NY Index will contain at least 500 component securities.<sup>14</sup> In addition, at

<sup>13</sup> S&P announced changes to the Indexes in 2014, but such changes were not implemented. See note 10, *supra*. This proposed rule change is intended to accommodate continued listing and trading of the Funds based on the Indexes in the event the Indexes were to change consistent with the S&P Announcement.

<sup>14</sup> See Municipal Bond ETF Order, *supra*, note 8, in which the Commission approved continued listing and trading of Shares of the Funds and ten other series of Units where the applicable underlying bond index did not satisfy Commentary .02(a)(2) of Rule 5.2–E(j)(3), provided that such municipal bond index contained at least 500 component securities on a continuous basis, in addition to satisfying other specified criteria. See also, Securities Exchange Act Release No. 79767 (January 10, 2017), 82 FR 4950 (January 17, 2017) (SR–NYSEArca–2016–62) (order approving proposed rule change relating to the listing and

least 90% of the weight of the CA Index will consist of securities that have an outstanding par value of at least \$15 million and were issued as part of a transaction of at least \$100 million; and at least 90% of the weight of the NY Index will consist of securities that have an outstanding par value of at least \$5 million and were issued as part of a transaction of at least \$20 million.<sup>15</sup> At each monthly rebalancing, no one issuer can represent more than 25% of the weight of the applicable Index, and the aggregate weight of those issuers representing at least 5% of such Index cannot exceed 50% of the weight of the applicable Index.<sup>16</sup>

#### Application of the Generic Listing Criteria

The Exchange is submitting this proposed rule change to permit the continued listing and trading of Shares of each of the Funds in the event that the methodologies applicable to the Indexes are revised in a manner consistent with the descriptions above in “Requirements for the CA Index and NY Index”.<sup>17</sup> The Indexes would satisfy

trading of the PowerShares Build America Bond Portfolio).

<sup>15</sup> For comparison purposes, the Exchange notes that, in the Municipal Bond ETF Order, the Commission approved the continued listing and trading of shares of the VanEck Vectors High-Yield Municipal Index ETF based on the Bloomberg Barclays Municipal Custom High Yield Composite Index, which is comprised of three total return, market size weighted benchmark indices with weights as follows: (i) 50% weight in Muni High Yield/\$100 Million Deal Size Index, (ii) 25% weight in Muni High Yield/Under \$100 Million Deal Size Index, and (iii) 25% weight in Muni Baa Rated/\$100 Million Deal Size Index. At least 90% of the weight of the Muni High Yield/\$100 Million Deal Size Index is comprised of securities that have an outstanding par value of at least \$3 million and were issued as part of a transaction of at least \$100 million. At least 90% of the weight of the Muni High Yield/Under \$100 Million Deal Size Index is comprised of securities that have an outstanding par value of at least \$3 million and were issued as part of a transaction of under \$100 million but over \$20 million. At least 90% of the weight of the Muni Baa Rated/\$100 Million Deal Size Index is comprised of securities that have an outstanding par value of at least \$7 million and were issued as part of a transaction of at least \$100 million.

<sup>16</sup> The CA Index and NY Index would continue to meet the requirements of NYSE Arca Rule 5.2–E(j)(3), Commentary .02(a)(4), which provides that no component fixed-income security (excluding Treasury Securities and GSE Securities) shall represent more than 30% of the Fixed Income Securities portion of the weight of the index or portfolio, and the five most heavily weighted component fixed-income securities in the index or portfolio shall not in the aggregate account for more than 65% of the Fixed Income Securities portion of the weight of the index or portfolio.

<sup>17</sup> Specifically, in the event the NY Index methodology specifies a minimum par amount of between \$5 million and \$25 million with an original offering amount for bond components of \$20 million or more; or, in the event the CA Index methodology specifies a minimum par amount of

all of the requirements of the generic listing criteria of NYSE Arca Rule 5.2–E(j)(3), except for those set forth in Commentary .02(a)(2).<sup>18</sup>

The Exchange believes that, notwithstanding that the CA Index would not satisfy the criterion in NYSE Arca Rule 5.2–E(j)(3), Commentary .02(a)(2), the CA Index would be sufficiently broad-based to deter potential manipulation. As of December 29, 2017, the CA Index included 2,229 component fixed income municipal bond securities from 206 distinct municipal bond issuers in the State of California. The Adviser anticipates that the number of CA Index components would increase significantly if the methodology changes described above were implemented in that a reduction in the minimum par amount required for inclusion in the CA Index would permit a larger number of municipal bond issues to be eligible for inclusion. In addition, the CA Index securities would be sufficiently large to deter potential manipulation in view of the substantial total dollar amount outstanding and the average dollar amount outstanding of the CA Index issues, as referenced above.

The Exchange believes that, notwithstanding that the NY Index would not satisfy the criterion in NYSE Arca Rule 5.2–E(j)(3), Commentary .02(a)(2), the NY Index would be sufficiently broad-based to deter potential manipulation. As of December 29, 2017, the NY Index included 2,404 component fixed income municipal bond securities from 42 distinct municipal bond issuers in the State of New York. The Adviser anticipates that the number of NY Index components would increase significantly if the methodology changes described above were implemented in that a reduction in the minimum par amount required for inclusion in the NY Index would permit a larger number of municipal bond issues to be eligible for inclusion. In addition, the NY Index securities would be sufficiently large to deter potential manipulation in view of the substantial total dollar amount outstanding and the average dollar amount outstanding of NY Index issues, as referenced above.

The Adviser represents that reducing the required par amount outstanding both allows for more diversity of issuers in an Index and would significantly expand the universe of municipal securities that a Fund could purchase,

original offering amount for bond components of \$100 million or more, such changes would be deemed consistent with the respective Index descriptions above.

<sup>18</sup> See note 11, *supra*.

and, are a better representation of the securities that issuers bring to the municipal bond market in California and New York.

With respect to each of the Funds, the value of each Index would be calculated and disseminated via a major market data vendor at least once daily; further, the components and percentage weightings of each Index also would be available from major market data vendors. In addition, the portfolio of securities held by each Fund are disclosed daily on the Funds’ website at [www.iShares.com](http://www.iShares.com).

The Exchange represents that: (1) With respect to the Funds, except for Commentary .02(a)(2) to NYSE Arca Rule 5.2–E(j)(3), the Indexes currently satisfy all of the generic listing standards under NYSE Arca Rule 5.2–E(j)(3); (2) the continued listing standards under NYSE Arca Rules 5.2–E(j)(3) and 5.5(g)(2) applicable to Units shall apply to the Shares of the Funds; and (3) the Trust is required to comply with Rule 10A–3<sup>19</sup> under the Act for the initial and continued listing of the Shares of the Funds. In addition, the Exchange represents that the Shares of the Funds will comply with all other requirements applicable to Units including, but not limited to, requirements relating to the dissemination of key information such as the value of the Indexes and the applicable Intraday Indicative Value (“IIV”),<sup>20</sup> rules governing the trading of equity securities, trading hours, trading halts, surveillance, and the Information Bulletin to Equity Trading Permit Holders (“ETP Holders”), as set forth in Exchange rules applicable to Units and prior Commission orders approving the generic listing rules applicable to the listing and trading of Units.<sup>21</sup>

Each of the Indexes is sponsored by the Index Provider, which is independent of the Funds and the Adviser. The Index Provider determines the composition and relative weightings of the securities in the Indexes and

<sup>19</sup> 17 CFR 240.10A–3.

<sup>20</sup> The IIV is widely disseminated by one or more major market data vendors at least every 15 seconds during the Exchange’s Core Trading Session of 9:30 a.m. to 4:00 p.m., Eastern time. Currently, it is the Exchange’s understanding that several major market data vendors display and/or make widely available IIVs taken from the CTA or other data feeds.

<sup>21</sup> See, e.g., Securities Exchange Act Release Nos. 55783 (May 17, 2007), 72 FR 29194 (May 24, 2007) (SR–NYSEArca–2007–36) (order approving NYSE Arca generic listing standards for Units based on a fixed income index); 44551 (July 12, 2001), 66 FR 37716 (July 19, 2001) (SR–PCX–2001–14) (order approving generic listing standards for Units and Portfolio Depositary Receipts); 41983 (October 6, 1999), 64 FR 56008 (October 15, 1999) (SR–PCX–98–29) (order approving rules for listing and trading of Units).

publishes information regarding the market value of the Indexes. The Index Provider is not a broker-dealer or affiliated with a broker-dealer and has implemented procedures designed to prevent the use and dissemination of material, non-public information regarding the Indexes. In the event the Index Provider becomes registered as a broker-dealer or affiliated with a broker-dealer, the Index Provider will implement and maintain a “fire wall” with respect to its relevant personnel or broker-dealer affiliate regarding access to information concerning changes and adjustments to the Indexes.

The current value of each of the Indexes is widely disseminated by one or more major market data vendors at least once per day, as required by NYSE Arca Rule 5.2–E(j)(3), Commentary .02(b)(ii). The IIVs for Shares of the Funds are disseminated by one or more major market data vendors, updated at least every 15 seconds during the Exchange’s Core Trading Session, as required by NYSE Arca Rule 5.2–E(j)(3), Commentary .02 (c), and Commentary .01(c), respectively.

With the exception of Commentary .02(a)(2) to NYSE Arca Rule 5.2–E(j)(3), the CA Index and NY Index will meet all other requirements of Commentary .02(a) to NYSE Arca Rule 5.2–E(j)(3).

#### Availability of Information

On each business day, before commencement of trading in Shares of each Fund in the Core Trading Session on the Exchange, a Fund discloses on its website the portfolio that will form the basis for a Fund’s calculation of net asset value (“NAV”) at the end of the business day.<sup>22</sup>

On a daily basis, each Fund discloses for each portfolio security or other financial instrument of a Fund the following information on the Funds’ website: Ticker symbol (if applicable), name of security and financial instrument, a common identifier such as CUSIP or ISIN (if applicable), number of shares (if applicable), and dollar value of securities and financial instruments held in the portfolio, and percentage weighting of the security and financial instrument in the applicable portfolio. The website information is publicly available at no charge.

The current value of the Indexes would be widely disseminated by one or more major market data vendors at least

once per day, as required by NYSE Arca Rule 5.2–E(j)(3), Commentary .02 (b)(ii). The IIV for Shares of each Fund are disseminated by one or more major market data vendors, updated at least every 15 seconds during the Exchange’s Core Trading Session, as required by NYSE Arca Rule 5.2–E(j)(3), Commentary .02(c).

Investors can also obtain the Trust’s Statement of Additional Information (“SAI”), the Funds’ Shareholder Reports, and their Form N–CSR and Form N–SAR, filed twice a year. The Trust’s SAI and Shareholder Reports are available free upon request from the Trust, and those documents and the Form N–CSR and Form N–SAR may be viewed on-screen or downloaded from the Commission’s website at [www.sec.gov](http://www.sec.gov). Information regarding market price and trading volume of the Shares of each Fund are 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 are available via the Consolidate Tape Association (“CTA”) high speed line. Price information regarding municipal bonds is available from major market data vendors and third party pricing services. Trade price and other information relating to municipal bonds is available through the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) system.

#### Trading Rules

The Exchange deems the Shares of each Fund to be equity securities, thus rendering trading in the Shares subject to the Exchange’s existing rules governing the trading of equity securities. Shares trade on the NYSE Arca Marketplace from 4:00 a.m. to 8:00 p.m., Eastern time in accordance with NYSE Arca Rule 7.34–E (Early, Core, and Late Trading Sessions). The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in NYSE Arca Rule 7.6–E, 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.

With the exception of Commentary .02(a)(2) to Rule 5.2(j)(3), The [sic] Shares of the Funds conform to the

initial and continued listing criteria under NYSE Arca Rules 5.2–E(j)(3) and 5.5–E(g)(2), respectively. The Exchange represents that the Funds are in compliance with Rule 10A–3<sup>23</sup> under the Act, as provided by NYSE Arca Rule 5.3–E. The Exchange has obtained a representation from the issuer of the Shares that the NAV per Share of each Fund is calculated daily and that the NAV per Share will be made available to all market participants at the same time.

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

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

#### Trading Halts

The Exchange will halt trading in the Shares if the circuit breaker parameters of NYSE Arca Rule 7.12–E have been reached. In exercising its discretion to halt or suspend trading in the Shares, the Exchange may consider factors such as the extent to which trading in the underlying securities is not occurring or whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present, in addition to other factors that may be relevant. If the IIV (as defined in Commentary .01 to Rule 5.2–E(j)(3)) or the value of an Index is not being disseminated as required, the Exchange may halt trading during the day in which the interruption to the dissemination of the IIV or the Index value occurs. If the interruption to the dissemination of the IIV or the Index value persists past the trading day in which it occurred, the Exchange will halt trading.

#### Surveillance

The Exchange represents that trading in the Shares of each Fund will be subject to the existing trading surveillances, administered by the Financial Industry Regulatory Authority

<sup>22</sup> Under accounting procedures 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, the Funds 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.

<sup>23</sup> 17 CFR 240.10A–3.

(“FINRA”) on behalf of the Exchange, or by 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 of each Fund in all trading sessions and to deter and detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange.<sup>24</sup>

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

The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares with other markets and other entities that are members of the Intermarket Surveillance Group (“ISG”), and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in the Shares from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. In addition, 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 Trade Reporting and Compliance Engine (“TRACE”). FINRA also can access data obtained from the Municipal Securities Rulemaking Board (“MSRB”) relating to municipal bond trading activity for surveillance purposes in connection with trading in the Shares.

#### Information Bulletin

Prior to any implementation of changes to the Municipal Bond Index methodologies as described above, the Exchange would inform its ETP Holders in an Information Bulletin (“Bulletin”) of the special characteristics and risks associated with trading the Shares. Specifically, the Bulletin would discuss the following: (1) The procedures for purchases and redemptions of Shares in

<sup>24</sup> FINRA conducts cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA’s performance under this regulatory services agreement.

Creation Unit aggregations (and that Shares are not individually redeemable); (2) NYSE Arca Rule 9.2–E(a), which imposes a duty of due diligence on its ETP Holders to learn the essential facts relating to every customer prior to trading the Shares; (3) the risks involved in trading the Shares during the Opening and Late Trading Sessions when an updated IIV will not be calculated or publicly disseminated; (4) how information regarding the IIV 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; (6) trading information; and (7) changes to the Indexes.

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

Based on the characteristics of each Index as described above, the Exchange believes it is appropriate to facilitate the listing and trading of the Funds. Each Index satisfies all of the generic listing requirements for Units based on a fixed income index, except for the minimum principal amount outstanding requirement of Commentary .02(a)(2) to Rule 5.2–E(j)(3).

A fundamental purpose behind the minimum principal amount outstanding requirement is to ensure that component securities of an index are sufficiently liquid such that the potential for index manipulation is reduced. Each Index will be well-diversified to protect against index manipulation. On a continuous basis, each Index will contain at least 500 component securities. In addition, at least 90% of the weight of the CA Index will consist of securities that have an outstanding par value of at least \$15 million and were issued as part of a transaction of at least \$100 million; and at least 90% of the weight of the NY Index will consist of securities that have an outstanding par value of at least \$5 million and were issued as part of a transaction of at least \$20 million. At each monthly rebalancing, no one issuer can represent more than 25% of the weight of the applicable Index, and the aggregate weight of those issuers representing at least 5% of such Index cannot exceed 50% of the weight of the

applicable Index.<sup>25</sup> The Exchange believes that this significant diversification and the lack of concentration among constituent securities provide a strong degree of protection against Index manipulation.

In addition, the Exchange represents that: (1) Except for Commentary .02(a)(2) to Rule 5.2–E(j)(3), each Index will satisfy all of the generic listing standards under Rule 5.2–E(j)(3); (2) the continued listing standards under Rules 5.2–E(j)(3) (except for Commentary .02(a)(2)) and 5.5–E(g)(2) applicable to Units will apply to the Shares of each Fund; and (3) the issuer of each Fund is required to comply with Rule 10A–3<sup>26</sup> under the Act for the initial and continued listing of the Shares of each Fund.

In addition, the Exchange represents that the Shares of each Fund will comply with all other requirements applicable to Units including, but not limited to, requirements relating to the dissemination of key information such as the value of the underlying Index and the applicable rules governing the trading of equity securities, trading hours, trading halts, surveillance, information barriers and the Information Bulletin to ETP Holders, as set forth in Exchange rules applicable to Units and prior Commission orders approving the generic listing rules applicable to the listing and trading of Units.<sup>27</sup>

The current value of each Index is widely disseminated by one or more major market data vendors at least once per day, as required by NYSE Arca Rule 5.2–E(j)(3), Commentary .02(b)(ii). The IIV for Shares of each Fund is disseminated by one or more major market data vendors, updated at least every 15 seconds during the Exchange’s Core Trading Session, as required by NYSE Arca Rule 5.2–E(j)(3), Commentary .02(c). In addition, the portfolio of securities held by each Fund is disclosed daily on each Fund’s

<sup>25</sup> The Commission has previously approved a proposed rule change relating to the listing and trading on the Exchange of a series of Units based on a municipal bond index that did not satisfy Commentary .02(a)(2) of Rule 5.2–E(j)(3) provided that such municipal bond index contained at least 500 component securities on a continuous basis. See Securities Exchange Act Release No. 79767 (January 10, 2017), 82 FR 4950 (January 17, 2017) (SR–NYSEArca–2016–62) (order approving proposed rule change relating to the listing and trading of the PowerShares Build America Bond Portfolio). The total dollar amount of issues in the index underlying the PowerShares Build America Bond Portfolio was approximately \$281,589,346,769 and the average dollar amount outstanding of issues in the index was approximately \$27,808,547. Those metrics are comparable to the metrics of the indices underlying the Funds.

<sup>26</sup> 17 CFR 240.10A–3.

<sup>27</sup> See note 21, *supra*.

website. Further, the website for each Fund will contain the applicable fund's prospectus and additional data relating to net asset value ("NAV") and other applicable quantitative information. The Exchange has obtained a representation from each Fund issuer that the applicable NAV per Share will be calculated daily and will be made available to all market participants at the same time. The Indexes are not maintained by a broker-dealer.

The Exchange notes that each of the Funds has been listed on the Exchange or on the American Stock Exchange, Inc. (now NYSE American LLC) for over ten years and that, during such time, the Exchange has not become aware of any potential manipulation of the Indexes. Further, the Exchange's existing rules require that the Funds notify the Exchange of any material change to the methodology used to determine the composition of each Index.<sup>28</sup> Therefore, if the methodology of an Index was changed in a manner that would materially alter its existing composition, the Exchange would have advance notice and would evaluate such Index, as modified, to determine whether it was sufficiently broad-based and well diversified.

## 2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)<sup>29</sup> that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Rule 5.2-E(j)(3). The Exchange represents that trading in the Shares will be subject to the existing trading surveillances, administered by FINRA on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws. The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws. FINRA, on behalf of the Exchange, will

communicate as needed regarding trading in the Shares with other markets that are members of the ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. FINRA also can access data obtained from the MSRB relating to municipal bond trading activity for surveillance purposes in connection with trading in the Shares. 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.

The Index Provider is not a broker-dealer or affiliated with a broker-dealer and has implemented procedures designed to prevent the use and dissemination of material, non-public information regarding the Indexes. In the event the Index Provider becomes registered as a broker-dealer or affiliated with a broker-dealer, the Index Provider will implement and maintain a "fire wall" with respect to its relevant personnel or broker-dealer affiliate regarding access to information concerning changes and adjustments to the Indexes.

The Index values, calculated and disseminated at least once daily, as well as the components of the Indexes and their respective percentage weightings, will be available from major market data vendors. In addition, the portfolio of securities held by the Funds will be disclosed on the Funds' website. The IIV for Shares of the Funds will be disseminated by one or more major market data vendors, updated at least every 15 seconds during the Exchange's Core Trading Session.

Based on the characteristics of each Index as described above, the Exchange believes it is appropriate to facilitate the listing and trading of the Funds. Each Index satisfies all of the generic listing requirements for Units based on a fixed income index, except for the minimum principal amount outstanding requirement of Commentary .02(a)(2) to Rule 5.2-E(j)(3).

Each Index will be well-diversified to protect against index manipulation. On a continuous basis, each Index will contain at least 500 component securities. In addition, at least 90% of the weight of the CA Index will consist of securities that have an outstanding par value of at least \$15 million and were issued as part of a transaction of at least \$100 million; and at least 90% of the weight of the NY Index will consist of securities that have an outstanding par value of at least \$5 million and were issued as part of a transaction of at least \$20 million. At each monthly rebalancing, no one issuer can represent more than 25% of the

weight of the applicable Index, and the aggregate weight of those issuers representing at least 5% of such Index cannot exceed 50% of the weight of the applicable Index. The Exchange believes that this significant diversification and the lack of concentration among constituent securities provides a strong degree of protection against Index manipulation.

The Adviser anticipates that the number of CA Index components would increase significantly if the methodology changes described above were implemented in that a reduction in the minimum par amount required for inclusion in the CA Index would permit a larger number of municipal bond issues to be eligible for inclusion. In addition, the CA Index securities would be sufficiently large to deter potential manipulation in view of the substantial total dollar amount outstanding and the average dollar amount outstanding of the CA Index issues.

The Exchange believes that, notwithstanding that the NY Index would not satisfy the criterion in NYSE Arca Rule 5.2-E(j)(3), Commentary .02(a)(2), the NY Index would be sufficiently broad-based to deter potential manipulation. As of December 29, 2017, the NY Index included 2,404 component fixed income municipal bond securities from 42 distinct municipal bond issuers in the State of New York. The Adviser anticipates that the number of NY Index components would increase significantly if the methodology changes described above were implemented in that a reduction in the minimum par amount required for inclusion in the NY Index would permit a larger number of municipal bond issues to be eligible for inclusion. The Adviser represents that reducing the required par amount outstanding both allows for more diversity of issuers in an Index and would significantly expand the universe of municipal securities that a Fund could purchase, and are a better representation of the securities that issuers bring to the municipal bond market in California and New York. In addition, the NY Index securities would be sufficiently large to deter potential manipulation in view of the substantial total dollar amount outstanding and the average dollar amount outstanding of NY Index issues.

On a continuous basis, each Index will (i) contain at least 500 component securities and (ii) comply with the parameters described under the heading "Requirements for the CA Index and NY Index" set forth above. The requirement that no one issuer can represent more than 25% of the weight of the applicable

<sup>28</sup> See NYSE Arca Rule 5.3-E(i)(1)(i)(P).

<sup>29</sup> 15 U.S.C. 78f(b)(5).

Index, and individual issuers that represent at least 5% of the weight of the applicable Index cannot account for more than 50% of the weight of such Index in the aggregate will help assure that Index constituents are not unduly concentrated among a relatively small number of individual issuers. In addition, the Exchange represents that: (1) Except for Commentary .02(a)(2) to Rule 5.2–E(j)(3), each Index currently satisfies all of the generic listing standards under Rule 5.2–E(j)(3); (2) the continued listing standards under Rules 5.2–E(j)(3) (except for Commentary .02(a)(2)) and 5.5–E(g)(2) applicable to Units will apply to the Shares of each Fund; and (3) the issuer of each Fund is required to comply with Rule 10A–3<sup>30</sup> under the Act for the initial and continued listing of the Shares of each Fund. In addition, the Exchange represents that the Shares of each Fund will comply with all other requirements applicable to Units including, but not limited to, requirements relating to the dissemination of key information such as the value of each Index, IIV, the applicable rules governing the trading of equity securities, trading hours, trading halts, surveillance, information barriers and the Information Bulletin to ETP Holders, as set forth in Exchange rules applicable to Units and prior Commission orders approving the generic listing rules applicable to the listing and trading of Units.<sup>31</sup>

The current value of each Index is widely disseminated by one or more major market data vendors at least once per day, as required by NYSE Arca Rule 5.2–E(j)(3), Commentary .02(b)(ii). The IIV for Shares of each Fund is disseminated by one or more major market data vendors, updated at least every 15 seconds during the Exchange's Core Trading Session, as required by NYSE Arca Rule 5.2–E(j)(3), Commentary .02(c). In addition, the portfolio of securities held by each Fund is disclosed daily on each Fund's website. Further, the website for each Fund will contain the applicable Fund's prospectus and additional data relating to NAV and other applicable quantitative information.

In support of its proposed rule change, the Exchange notes that the Commission has previously approved a rule change to facilitate the listing and trading of series of Units based on an index of municipal bond securities that did not otherwise meet the generic listing requirements of NYSE Arca Rule 5.2–E(j)(3). As noted above, the Commission has approved listing and

trading of Shares of the Funds, in addition to ten other series of Units based on municipal bond indexes notwithstanding the fact that the indices on which they are based do not meet the requirements of Commentary .02(a)(2) to Rule 5.2–E(j)(3).<sup>32</sup> Each of the indices on which the Funds and other series of Units are based meet all other requirements of such rule. In its order approving continued listing and trading of Shares of the Funds and the other series of Units, the Commission stated that, based on the Exchange's representations, the Commission believes that the indexes underlying such funds are sufficiently designed to deter potential manipulation. In addition, the Commission previously approved the listing and trading of the PowerShares Insured California Municipal Bond Portfolio, PowerShares Insured National Municipal Bond Portfolio and the PowerShares Insured New York Municipal Bond Portfolio, notwithstanding the fact that the index underlying each fund did not satisfy the criteria of Commentary .02(a)(2) to Rule 5.2–E(j)(3).<sup>33</sup> In finding such proposal to be consistent with the Act and the rules regulations thereunder, the Commission noted that each underlying index was sufficiently broad-based to deter potential manipulation. The Exchange believes that each of the CA Index and NY Index shares comparable characteristics to the series of Units that are the subject of the Commission's order approving listing and trading of Shares of the Funds and ten other series of Units,<sup>34</sup> and the Commission's order approving listing and trading of shares of the PowerShares Municipal Bond Funds.<sup>35</sup> The Exchange, therefore, believes, the CA Index and NY Index are sufficiently broad-based to deter potential manipulation.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest. In addition, a large amount of information is publicly available regarding the Funds and the Shares, thereby promoting market transparency. The Funds' portfolio holdings will be disclosed on the Funds' website daily after the close of trading on the Exchange and prior to the opening of trading on the Exchange the following day. 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. The current value of the Index will be disseminated by one or more major market data vendors at least once per 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 website for the Funds will include the prospectus for the Funds 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. If the Exchange becomes aware that the NAV is not being disseminated to all market participants at the same time, it will halt trading in the Shares until such time as the NAV is available to all market participants. With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Funds. 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. If the IIV or the Index values are not being disseminated as required, the Exchange may halt trading during the day in which the interruption to the dissemination of the applicable IIV or an Index value occurs. If the interruption to the dissemination of the applicable IIV or an Index value persists past the trading day in which it occurred, the Exchange will halt trading. Trading in Shares of the Funds will be halted if the circuit breaker parameters in NYSE Arca's Rule 7.12–E have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. In addition, investors will have ready access to information regarding the IIV, 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 additional types of exchange-traded products based on municipal bond indexes that will enhance competition among market participants, to the benefit of investors and the marketplace. The Exchange has in place surveillance procedures relating to trading in the

<sup>30</sup> 17 CFR 240.10A–3.

<sup>31</sup> See note 21, *supra*.

<sup>32</sup> See note 8, *supra*.

<sup>33</sup> See Securities Exchange Act Release No. 72464 (June 25, 2014), 79 FR 37373 (July 1, 2014) (SR–NYSEArca–2014–45).

<sup>34</sup> See notes 8 and 14, *supra*.

<sup>35</sup> See note 14, *supra*.

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. In addition, investors will have ready access to information regarding the IIV and quotation and last sale information for the Shares. Trade price and other information relating to municipal bonds is available through the MSRB's EMMA system.

#### *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 continued listing and trading of exchange-traded products that hold municipal securities and that will enhance competition among market participants, to the benefit of investors and the marketplace.

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

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

### **III. 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](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEArca-2018-38 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-2018-38. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEArca-2018-38 and should be submitted on or before July 2, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>36</sup>

**Eduardo A. Aleman,**  
*Assistant Secretary.*

[FR Doc. 2018-12430 Filed 6-8-18; 8:45 am]

**BILLING CODE 8011-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

[Securities Exchange Act of 1934; Release No. 83378/June 5, 2018]

### **Order Affirming Action by Delegated Authority Approving SR-NYSE-2016-55 and Discontinuing Stay**

**In the Matter of the** New York Stock Exchange LLC

**For an Order Granting the Approval of Proposed Rule Change Adopting Maximum Fees Member Organizations May Charge in Connection with the Distribution of Investment Company Shareholder Reports Pursuant to Any Electronic Delivery Rules Adopted by the Securities and Exchange Commission**

#### **I.**

On August 15, 2016, the New York Stock Exchange LLC ("NYSE") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to adopt maximum fees NYSE member organizations may charge in connection with the distribution of investment company shareholder reports pursuant to any "notice and access" electronic delivery rules adopted by the Commission. The proposed rule change was published for comment in the Federal Register on August 22, 2016.<sup>3</sup> The Commission received fourteen comment letters on the proposal. On October 5, 2016, the Commission extended the time period for Commission action on the proposal to November 20, 2016.<sup>4</sup>

On November 18, 2016, the Division of Trading and Markets took action, pursuant to delegated authority, 17 CFR 200.30-3(a)(12), approving the proposed rule change ("Approval Order").<sup>5</sup>

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

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> *Notice of Filing of Proposed Rule Change Adopting Maximum Fees Member Organizations May Charge in Connection with the Distribution of Investment Company Shareholder Reports Pursuant to Any Electronic Delivery Rules Adopted by the Securities and Exchange Commission*, Securities Exchange Act Release No. 78589 (August 16, 2016), 81 FR 56717 (August 22, 2016) (SR-NYSE-2016-55).

<sup>4</sup> *Notice of Designation of a Longer Period for Commission Action on Proposed Rule Change Adopting Maximum Fees Member Organizations May Charge in Connection with the Distribution of Investment Company Shareholder Reports Pursuant to Any Electronic Delivery Rules Adopted by the Securities and Exchange Commission*, Securities Exchange Act Release No. 79051 (October 5, 2016), 81 FR 70449 (October 12, 2016).

<sup>5</sup> *Order Granting Approval of Proposed Rule Change Adopting Maximum Fees Member*

<sup>36</sup> 17 CFR 200.30-3(a)(12).