

or appropriate in furtherance of the purposes of the Act. Rather, the Exchange believes that the proposed rule change is evidence of the competitive forces in the equities markets. The Exchange originally launched the Nasdaq Closing Cross in 2004 with a ten minute cutoff period where Participants would no longer have the ability to enter additional MOC/LOC Orders, and would have limited ability to interact with their already entered orders. While the Exchange launched functionality last year to accept LOC Orders up to five minutes before the execution of the Nasdaq Closing Cross, these orders are subject to conditions that may not appeal to all market participants. Meanwhile, exchanges that have launched closing auctions more recently have typically adopted them with shorter cutoff periods. The Exchange believes that the market participants that trade in the Nasdaq Closing Cross, which determines the Nasdaq Official Closing Price for all Nasdaq listed stocks, would similarly benefit from a shorter cutoff period. The proposed cutoff times would apply equally to all Participants and reflects the current market environment where trading is increasingly more automated and efficient, and where competing exchanges already offer later cutoff times than those currently in place on Nasdaq. The Exchange believes that the proposed changes to the Order Imbalance Indicator similarly reflect the current competitive environment as the Exchange's changes are designed to continue to provide complete and timely information to the market, to the benefit of Participants that trade on Nasdaq. The proposed changes to the Order Imbalance Indicator, like the changes being made to the cutoff times, will apply equally to all Participants.

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

No written comments were either solicited or received.

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 within such longer period 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 such 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-NASDAQ-2018-068 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-NASDAQ-2018-068. 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-NASDAQ-2018-068 and should be submitted on or before September 26, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁰

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018-19148 Filed 9-4-18; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-83982; File No. SR-NYSEArca-2018-62]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Listing and Trading of Shares of the American Century Diversified Municipal Bond ETF Under NYSE Arca Rule 8.600-E

August 29, 2018.

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 August 17, 2018, 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 and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to list and trade shares of the American Century Diversified Municipal Bond ETF under NYSE Arca Rule 8.600-E ("Managed Fund Shares"). The proposed rule change is available on the Exchange's website 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

³⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

The Exchange proposes to list and trade shares ("Shares") of the American Century Diversified Municipal Bond ETF ("Fund") under NYSE Arca Rule 8.600-E,⁴ which governs the listing and trading of Managed Fund Shares.⁵ The Shares will be offered by the American Century ETF Trust (the "Trust"), which is registered with the Commission as an open-end management investment company.⁶ The Fund is a series of the Trust.

⁴ The Securities and Exchange Commission ("Commission") has approved Exchange listing and trading shares of actively managed funds 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 under Rule 8.600); 80865 (June 6, 2017), 82 FR 26970 (June 12, 2017) (order approving listing and trading of shares of the Franklin Liberty Intermediate Municipal Opportunities ETF and Franklin Liberty Municipal Bond ETF under NYSE Arca Equities Rule 8.600); 80885 (June 8, 2017), 82 FR 27302 (June 14, 2017) (order approving listing and trading of shares of the IQ Municipal Insured ETF, IQ Municipal Short Duration ETF, and IQ Municipal Intermediate ETF under NYSE Arca Equities Rule 8.600); 82166 (November 29, 2017), 82 FR 57497 (December 5, 2017) (SR-NYSEArca-2017-90) (order approving listing and trading of shares of the Hartford Municipal Opportunities ETF Under NYSE Arca Rule 8.600-E). 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).

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 Rule 5.2-E(j)(3), seeks to provide investment results that correspond generally to the price and yield performance of a specific foreign or domestic stock index, fixed income securities index or combination thereof.

⁶ The Trust is registered under the 1940 Act. On June 22, 2018, the Trust filed with the Commission its registration statement on Form N-1A under the Securities Act of 1933 (15 U.S.C. 77a) ("Securities Act"), and under the 1940 Act relating to the Fund

American Century Investment Management, Inc. will be the Fund's investment adviser ("Adviser"). Foreside Fund Services, LLC will be the Fund's distributor. State Street Bank and Trust Company will serve as transfer agent for the Fund.

Commentary .06 to Rule 8.600-E provides that, if the investment adviser to the investment company issuing Managed Fund Shares is affiliated with a broker-dealer, such investment adviser shall erect 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. The Adviser is not registered as a broker-dealer but is affiliated with a broker-dealer, and has implemented a "fire wall" with respect to such broker-dealer affiliate regarding access to information concerning the composition of and/or changes to the Fund's portfolio. In addition, personnel who make decisions on the Fund's portfolio composition must be subject to procedures designed to prevent the use

(File Nos. 333-221045 and 811-23305) ("Registration Statement"). The description of the operation of the Trust and the Fund herein is based, in part, on the Registration Statement. In addition, the Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act. *See* Investment Company Act Release No. 32871 (October 25, 2017) (File No. 812-14793) ("Exemptive Order").

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 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.

and dissemination of material, non-public information regarding the Fund's portfolio. In the event (a) the Adviser becomes registered as a broker-dealer or newly affiliated with a broker-dealer, or (b) any new adviser to the Fund is a registered broker-dealer or becomes affiliated with a broker-dealer, the applicable adviser will implement and maintain a fire wall with respect to its relevant personnel or broker-dealer affiliate regarding access to information concerning the composition and/or changes to the Fund's portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio.

American Century Diversified Municipal Bond ETF

According to the Registration Statement, the Fund will seek current income that is exempt from federal income tax. The Fund will invest in municipal and other debt securities. Under normal market conditions,⁸ the Fund will invest at least 80% of the Fund's net assets in municipal securities ("Municipal Securities").⁹

According to the Registration Statement, the Fund may invest in Municipal Securities which, for purposes of this filing, are the following:

- General obligation bonds
- Revenue (or limited obligation) bonds
- Private activity (or industrial development) bonds
- Municipal notes
- Municipal warrants
- Municipal lease obligations
- Zero-coupon municipal securities
- Municipal tobacco bonds

The Fund may purchase new issues of Municipal Securities on a when-issued or forward commitment basis.

The Municipal Securities in which the Fund invests may be fixed, variable or floating rate securities.

Other Investments

While the Fund, under normal market conditions, will invest at least 80% of its net assets in Municipal Securities as described above, the Fund may, under normal market conditions, invest up to 20% of its net assets in the aggregate in the securities and financial instruments described below.

⁸ The term "normal market conditions" is defined in NYSE Arca Rule 8.600-E(c)(5).

⁹ Municipal securities primarily include debt obligations are issued by or on behalf of the District of Columbia, states, territories, commonwealths and possessions of the United States and their political subdivisions (e.g., cities, towns, counties, school districts, authorities and commissions) and agencies, authorities and instrumentalities.

The Fund may hold cash and cash equivalents.¹⁰ In addition, the Fund may hold the following fixed income securities with maturities of three months or more: Securities issued or guaranteed by the U.S. government and its agencies and instrumentalities; commercial paper; bankers' acceptances; notes; bonds (other than bonds that are Municipal Securities); debentures; repurchase agreements; money market funds; and certificates of deposit.

The Fund may hold the following derivative instruments: U.S. Treasury futures contracts; interest rate futures; futures on fixed income securities or fixed income securities indexes; and exchange-traded and over-the-counter ("OTC") credit default swaps, interest rate swaps, swaps on fixed income securities, and swaps on fixed income securities indexes.

The Fund may hold structured notes.

The Fund may hold inverse floaters.

The Fund may hold variable or floating rate fixed income securities (other than variable or floating rate Municipal Securities).

The Fund may purchase zero-coupon debt securities (other than zero-coupon Municipal Securities).

The Fund may purchase step-coupon or step-rate debt securities.

The Fund may purchase pay-in-kind securities.

The Fund may engage in short sales in any of the securities or financial instruments in which it may invest.

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

Creations and Redemptions of Shares

According to the Registration Statement, the consideration for purchase of Creation Units of the Fund generally will consist of cash. Alternatively, Creation Units may at times be offered in exchange for "Deposit Securities" (*i.e.*, the in-kind deposit of a designated portfolio of securities) and the Cash Component as described below. Together, the Deposit Securities and the Cash Component constitute the "Fund Deposit." The Fund Deposit represents the minimum initial and subsequent investment amount for a Creation Unit of the Fund. The "Cash Component" is an amount equal to the difference between the net asset value ("NAV") of the Shares (per Creation Unit) and the "Deposit Amount," which is an amount equal to

the market value of the Deposit Securities, and serves to compensate for any differences between the NAV per Creation Unit and the Deposit Amount. The size of a Creation Unit will be 50,000 Shares, which is subject to change; however, the size of a Creation Unit will not exceed 100,000 Shares.

When partial or full cash purchases of Creation Units are available or specified for the Fund, they will be effected in essentially the same manner as in-kind purchases thereof. In the case of a partial or full cash purchase, the "Authorized Participant" (as described below) must pay the cash equivalent of the Deposit Securities it would otherwise be required to provide through the in-kind purchase, plus the same Cash Component required to be paid by an in-kind purchaser.

The Adviser will make available through the NSCC on each business day prior to the opening of business on the Exchange, the list of names and the required number of shares of each Deposit Security and the amount of the Cash Component (if any) to be included in the current Fund Deposit.

The Fund reserves the right to permit or require the substitution of a "cash in lieu" amount to be added to the Cash Component to replace any Deposit Security that may not be available in sufficient quantity for delivery or that may not be eligible for transfer through the facilities of the Depository Trust Company ("DTC") or the clearing process through the Continuous Net Settlement System of the National Securities Clearing Corporation ("NSCC") ("NSCC Clearing Process"), or that the Authorized Participant is not able to trade due to a trading restriction.¹¹

An Authorized Participant must submit an irrevocable order to purchase Shares of the Fund, in proper form, no later than two hours prior to the closing time of the Core Trading Session of the Exchange (normally 2 p.m., Eastern time ("E.T.")), on any business day to receive that day's NAV.

To be eligible to place orders and to create a Creation Unit of the Fund, an entity must be: (i) A "Participating Party," *i.e.*, a broker-dealer or other participant in the NSCC Clearing Process, or (ii) a DTC Participant, and, in either case, must have executed an agreement with the distributor with respect to creations and redemptions of Creation Units (Authorized Participant Agreement). A Participating Party or

DTC Participant who has executed an Authorized Participant Agreement is referred to as an "Authorized Participant."

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

The Adviser will make available through the NSCC, prior to the opening of business on the Exchange on each business day, the designated portfolio of securities (including any portion of such securities for which cash may be substituted) that will be applicable to redemption requests received in proper form on that day (Fund Securities), and an amount of cash as described below (Cash Amount) (if any).

Unless cash redemptions are available or specified for the Fund, the redemption proceeds for a Creation Unit generally will consist of Fund Securities, plus the Cash Amount, which is an amount equal to the difference between the NAV of the Shares being redeemed, as next determined after the receipt of a redemption request in proper form, and the value of Fund Securities, less a redemption transaction fee.

When partial or full cash redemptions of Creation Units are available or specified, they will be effected in essentially the same manner as in-kind purchases thereof. In the case of a partial or full cash redemption, the Authorized Participant receives the cash equivalent of the Fund Securities it would otherwise receive through an in-kind redemption, plus the same Cash Amount to be paid to an in-kind redeemer.¹²

Redemption requests for Creation Units of the Fund must be submitted to the transfer agent by or through an Authorized Participant. An Authorized Participant must submit an irrevocable request to redeem Shares no later than two hours prior to the closing of the regular trading session of the Exchange (normally 2:00 p.m., E.T.) on any business day, in order to receive that day's NAV.

Availability of Information

The Fund will disclose on the Fund's website (www.americancenturyetfs.com) at the start of each business day the identities and quantities of the securities and other assets held by the Fund that will form the basis of the Fund's calculation of its NAV on that business day. The portfolio holdings so disclosed will be based on information

¹⁰ For purposes of this filing, the term "cash equivalents" has the meaning specified in Commentary .01(c) to NYSE Arca Rule 8.600-E.

¹¹ The Adviser represents that, to the extent the Trust effects the creation or redemption of Shares wholly or partially in cash, such transactions will be effected in the same manner for all Authorized Participants.

¹² See note 11, *supra*.

as of the close of business on the prior business day and/or trades that have been completed prior to the opening of business on that business day and that are expected to settle on the business day.

The website for the Fund will contain the following information, on a per-Share basis, for the Fund: (1) The prior business day's NAV; (2) the market closing price or midpoint of the bid-ask spread at the time of NAV calculation (the "Bid-Ask Price"); and (3) a calculation of the premium or discount of the Bid-Ask Price against such NAV. In addition, on each business day, before the commencement of trading in Shares on the NYSE Arca, the Fund will disclose on its website the identities and quantities of the portfolio securities and other assets held by the Fund that will form the basis for the calculation of NAV at the end of the business day.

The Fund's portfolio holdings will be disclosed on the Fund's website daily after the close of trading on the Exchange and prior to the opening of trading on the Exchange the following day. On a daily basis, the Fund will disclose the information required under NYSE Arca Rule 8.600-E (c)(2) to the extent applicable. The website information will be publicly available at no charge.

The approximate value of the Fund's investments on a per-Share basis, the IOPV, will be disseminated every 15 seconds during the Exchange Core Trading Session (ordinarily 9:30 a.m. to 4:00 p.m., E.T.).

Investors can also obtain the Fund's Statement of Additional Information ("SAI") and shareholder reports. The Fund's SAI and shareholder reports will be available free upon request from the Trust, and those documents and Form N-CSR may be viewed on-screen or downloaded from the Commission's website at www.sec.gov. 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. 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 will be available via the Consolidated Tape Association ("CTA") high-speed line, and from the national securities exchange on which they are listed. Quotation information from brokers and dealers or pricing services will be available for Municipal Securities. Price information for money market funds is available from the

applicable investment company's website and from market data vendors. Price information for exchange-traded derivative instruments held by the Fund is available from the applicable exchange. Price information for certain fixed income securities held by the Fund is available through the Financial Industry Regulatory Authority's (FINRA) Trade Reporting and Compliance Engine ("TRACE"). Price information for certain Municipal Securities held by the Fund is available through the Electronic Municipal Market Access ("EMMA") of the Municipal Securities Rulemaking Board ("MSRB"). Pricing information regarding each asset class in which the Fund will invest will generally be available through nationally recognized data service providers through subscription agreements. In addition, the indicative optimized portfolio value ("IOPV") (which is the Portfolio Indicative Value, as defined in NYSE Arca Rule 8.600-E(c)(3)), will be widely disseminated at least every 15 seconds during the Core Trading Session by one or more major market data vendors or other information providers.¹³

Investment Restrictions

The Fund's investments will be consistent with its investment goal and will not be used to provide multiple returns of a benchmark or to produce leveraged returns.

Under normal market conditions, except for periods of high cash inflows or outflows,¹⁴ the Fund will satisfy the following criteria:

- i. The Fund will have a minimum of 20 non-affiliated issuers;
- ii. No single municipal securities issuer will account for more than 10% of the weight of the Fund's portfolio;
- iii. No individual bond will account for more than 5% of the weight of the Fund's portfolio;
- iv. The Fund will limit its investments in Municipal Securities of any one state to 20% of the Fund's total assets and will be diversified among issuers in at least 10 states;
- v. The Fund will be diversified among a minimum of five different sectors of the municipal bond market.¹⁵

¹³ Currently, it is the Exchange's understanding that several major market data vendors display and/or make widely available Portfolio Indicative Values taken from CTA or other data feeds.

¹⁴ "Periods of high cash inflows or outflows" as used herein, mean rolling periods of seven calendar days during which inflows or outflows of cash, in the aggregate, exceed 10% of the Fund's net assets as of the opening of business on the first day of such periods.

¹⁵ The Fund's investments in Municipal Securities will include investments in state and local (e.g., county, city, town) Municipal Securities

Pre-refunded bonds will be excluded from the above limits. The Adviser represents that, with respect to pre-refunded bonds (also known as refunded or escrow-secured bonds, the issuer "prerefunds" the bond by setting aside in advance all or a portion of the amount to be paid to the bondholders when the bond is called. Generally, an issuer uses the proceeds from a new bond issue to buy high grade, interest bearing debt securities, including direct obligations of the U.S. government, which are then deposited in an irrevocable escrow account held by a trustee bank to secure all future payments of principal and interest on the pre-refunded bonds. The escrow would be sufficient to satisfy principal and interest on the call or maturity date and one would not look to the issuer for repayment. Because pre-refunded bonds' pricing would be valued based on the applicable escrow (generally U.S. government securities), such pre-refunded securities would not be readily susceptible to market manipulation and it would be unnecessary to apply the diversification and weighting criteria set forth above.

Application of Generic Listing Requirements

The Exchange is submitting this proposed rule change because the portfolio for the Fund will not meet all of the "generic" listing requirements of Commentary .01 to NYSE Arca Rule 8.600-E applicable to the listing of Managed Fund Shares. The Fund's portfolio will meet all such requirements except for those set forth in Commentary .01(b)(1).¹⁶

The Exchange believes that it is appropriate and in the public interest to approve listing and trading of Shares of the Fund on the Exchange notwithstanding that the Fund would not meet the requirements of Commentary .01(b)(1) to Rule 8.600-E in that the Fund's investments in municipal securities will be well-diversified.

The Exchange believes that permitting Fund Shares to be listed and traded on the Exchange notwithstanding that less than 75% of the weight of the Fund's portfolio may consist of components with less than \$100 million minimum

relating to such sectors as the following: Airports; bridges and highways; hospitals; housing; jails; mass transportation; nursing homes; parks; public buildings; recreational facilities; school facilities; streets; and water and sewer works.

¹⁶ Commentary .01(b)(1) to NYSE Arca Rule 8.600-E provides that components that in the aggregate account for at least 75% of the fixed income weight of the portfolio each shall have a minimum original principal amount outstanding of \$100 million or more.

original principal amount outstanding would provide the Fund with greater ability to select from a broad range of Municipal Securities, as described above, that would support the Fund's investment goal.

The Exchange believes that, notwithstanding that the Fund's portfolio may not satisfy Commentary .01(b)(1) to Rule 8.600-E, the Fund's portfolio will not be susceptible to manipulation. As noted above, the Fund's investments, excluding pre-refunded bonds, as described above, will be diversified among a minimum of 20 non-affiliated issuers; no single municipal securities issuer will account for more than 10% of the weight of the Fund's portfolio; no individual bond will account for more than 5% of the weight of the Fund's portfolio; the Fund will limit its investments in Municipal Securities of any one state to 20% of the Fund's total assets and will be diversified among issuers in at least 10 states; and the Fund will be diversified among a minimum of five different sectors of the municipal bond market.

The Exchange notes that the Commission has previously approved an exception from requirements set forth in Commentary .01(b) relating to municipal securities similar to those proposed with respect to the Fund.¹⁷

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

Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Fund.¹⁸ Trading in Shares of the Fund will be halted if the circuit breaker parameters in NYSE Arca Rule 7.12-E have been reached. Trading also may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable.

Trading Rules

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

in the Shares subject to the Exchange's existing rules governing the trading of equity securities. Shares will trade on NYSE Arca from 4 a.m. to 8 p.m., E.T. in accordance with NYSE Arca Rule 7.34-E (Early, Core, and Late Trading Sessions). The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in NYSE Arca Rule 7.6-E, the minimum price variation ("MPV") for quoting and entry of orders in equity securities traded on NYSE Arca 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 of the Fund will conform to the initial and continued listing criteria under NYSE Arca Rule 8.600-E. Consistent with NYSE Arca Rule 8.600-E(d)(2)(B)(ii), the Adviser will implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the actual components of the Fund's portfolio. The Exchange represents that, for initial and/or continued listing, the Fund will be in compliance with Rule 10A-3¹⁹ under the Act, as provided by NYSE Arca Rule 5.3-E. A minimum of 100,000 Shares 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 will be made available to all market participants at the same time. The Fund's investments will be consistent with the Fund's investment goal and will not be used to enhance leverage.

Surveillance

The Exchange represents that trading in the Shares will be subject to the existing trading surveillances, administered by 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 in all trading sessions and to deter and detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange.²⁰

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.²¹ 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 the Fund reported to FINRA's TRACE. 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.

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

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

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

¹⁷ See Securities Exchange Act Release Nos. 82974 (March 30, 2018), 83 FR 14698 (April 5, 2018) (SR-NYSEArca-2017-99) (Notice of Filing of Amendment No. 3 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 3, to List and Trade Shares of the Hartford Schroders Tax-Aware Bond ETF Under NYSE Arca Rule 8.600-E); 82166 (November 29, 2017), 82 FR 57497 (December 5, 2017) (SR-NYSEArca-2017-90) (Order Approving a Proposed Rule Change, as Modified by Amendment No. 2, to List and Trade Shares of the Hartford Municipal Opportunities ETF Under NYSE Arca Rule 8.600-E).

¹⁸ See NYSE Arca Rule 7.12-E.

¹⁹ 17 CFR 240.10A-3.

²⁰ 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.

²¹ 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.

Information Bulletin

Prior to the commencement of trading, the Exchange will inform its Equity Trading Permit 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 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 Equity Trading Permit Holders to learn the essential facts relating to every customer prior to trading the Shares; (3) the risks involved in trading the Shares during the Early and Late Trading Sessions when an updated IOPV will not be calculated or publicly disseminated; (4) how information regarding the IOPV and the Disclosed Portfolio is disseminated; (5) the requirement that Equity Trading Permit Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (6) trading information.

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

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)²² that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Rule 8.600-E. The 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 applicable federal securities laws. 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 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 the Fund reported to TRACE. 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. The Adviser is not a registered broker-dealer but is affiliated with a broker-dealer. The Adviser has implemented a "fire wall" with respect to such broker-dealer affiliate regarding access to information concerning the composition of and/or changes to the Fund's portfolio.

The Exchange believes that it is appropriate and in the public interest to approve listing and trading of Shares of the Fund on the Exchange notwithstanding that the Fund would not meet the requirements of Commentary .01(b)(1) to Rule 8.600-E in that the Fund's investments in municipal securities will be well-diversified. As noted above, the Fund's investments will be well-diversified in that the Fund, excluding pre-refunded bonds, as described above, will have a minimum of 20 non-affiliated issuers; no single municipal securities issuer will account for more than 10% of the weight of the Fund's portfolio; no individual bond will account for more than 5% of the weight of the Fund's portfolio; the Fund will limit its investments in Municipal Securities of any one state to 20% of the Fund's total assets and will be diversified among issuers in at least 10 states; and the Fund will be diversified among a minimum of five different sectors of the municipal bond market. With respect to the proposed exclusion for pre-refunded bonds described above, generally, an issuer uses the proceeds from a new bond issue to buy high grade, interest bearing debt securities, including direct obligations of the U.S. government, which are then deposited in an

irrevocable escrow account held by a trustee bank to secure all future payments of principal and interest on the pre-refunded bonds. The escrow would be sufficient to satisfy principal and interest on the call or maturity date and one would not look to the issuer for repayment. Because pre-refunded bonds' pricing would be valued based on the applicable escrow (generally U.S. government securities), such pre-refunded securities would not be readily susceptible to market manipulation and it would be unnecessary to apply the diversification and weighting criteria set forth above in "Investment Restrictions."

The Exchange believes that permitting Fund Shares to be listed and traded on the Exchange notwithstanding that less than 75% of the weight of the Fund's portfolio may consist of components with less than \$100 million minimum original principal amount outstanding would provide the Fund with greater ability to select from a broad range of municipal securities, as described above, that would support the Fund's investment objective.

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 Exchange will obtain a representation from the issuer of the Shares that the NAV per Share will be calculated daily and that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time. In addition, a large amount of information is publicly available regarding the Fund and the Shares, thereby promoting market transparency. Quotation and last sale information for the Shares will be available via the CTA high-speed line, and from the national securities exchange on which they are listed. Price information for Municipal Securities; cash equivalents; fixed income securities with maturities of three months or more (as described above); futures; exchange-traded and OTC swaps; structured notes; inverse floaters; variable or floating-rate fixed income securities (other than variable or floating rate Municipal Securities); zero-coupon debt securities (other than zero-coupon Municipal Securities); step-coupon or step-rate debt securities; and pay-in-kind securities will be available from one or more major market data vendors. Price information for certain fixed income securities held by the Fund is available through the FINRA's TRACE. Price information for certain Municipal Securities held by the Fund is available through MSRB's EMMA.

Prior to the commencement of trading, the Exchange will inform its

²² 15 U.S.C. 78f(b)(5).

Equity Trading Permit Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. Trading in Shares of the Fund will be halted if the circuit breaker parameters in NYSE Arca Rule 7.12-E have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. Trading in the Shares will be subject to NYSE Arca Rule 8.600-E(d)(2)(D), which sets forth circumstances under which Shares of the Fund may be halted. In addition, as noted above, investors will have ready access to information regarding the Fund's holdings, the IOPV, 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 principally holds municipal securities and that will enhance competition among market participants, to the benefit of investors and the marketplace. As noted above, the Exchange has in place surveillance procedures relating to trading in the Shares and may obtain information via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement. In addition, as noted above, investors will have ready access to information regarding the Fund's holdings, IOPV, 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 principally holds 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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act²³ and Rule 19b-4(f)(6) thereunder.²⁴ Because the proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.²⁵

A proposed rule change filed under Rule 19b-4(f)(6)²⁶ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),²⁷ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange states that waiver of the 30-day delayed operative date is consistent with the protection of investors and the public interest because the Commission has previously approved an exception from requirements set forth in Commentary .01(b) relating to municipal securities similar to those proposed with respect to the Fund.²⁸ Additionally, the Exchange asserts that the waiver will permit the prompt listing and trading of an additional issue of Managed Fund Shares that principally holds municipal securities, which will enhance competition among issuers, investment advisers and other market participants with respect to listing and trading of issues of Managed Fund Shares that hold municipal securities. The Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the

public interest because the proposed continued listing standards for the Shares are substantially similar to those applicable to others approved by the Commission for similar funds. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposed rule change operative upon filing.²⁹

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)³⁰ of the Act to determine whether the proposed rule change should be approved or 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-2018-62 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-2018-62. 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

²³ 15 U.S.C. 78s(b)(3)(A)(iii).

²⁴ 17 CFR 240.19b-4(f)(6).

²⁵ 17 CFR 240.19b-4(f)(6)(iii). As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

²⁶ 17 CFR 240.19b-4(f)(6).

²⁷ 17 CFR 240.19b-4(f)(6)(iii).

²⁸ See *supra* note 17 and accompanying text.

²⁹ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

³⁰ 15 U.S.C. 78s(b)(2)(B).

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 a.m. and 3 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-2018-62, and should be submitted on or before September 26, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³¹

Eduardo A. Aleman,
Assistant Secretary.

[FR Doc. 2018-19146 Filed 9-4-18; 8:45 am]

BILLING CODE 8011-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. AB 1268X]

Chicago Terminal Railroad— Abandonment Exemption—in Chicago, Illinois

Chicago Terminal Railroad (CTM) filed a verified notice of exemption under 49 CFR 1152 subpart F—*Exempt Abandonments* to abandon a less than 0.1-mile portion of the “Bloomington” line in Chicago, Ill., between N. Elston Avenue and Union Pacific North Avenue Yard (the Line). The Line traverses United States Postal Service Zip Code 60642.

CTM has certified that: (1) No local freight traffic has moved over the Line for at least two years; (2) there is no overhead traffic on the Line; (3) no formal complaint filed by a user of rail service on the line (or a state or local government acting on behalf of any such user) regarding cessation of service over the line either is pending before the Surface Transportation Board or any U.S. District Court or has been decided in favor of the complainant within the two-year period; and (4) the requirements at 49 CFR 1105.7(c) (environmental report), 49 CFR 1105.11

(transmittal letter), 49 CFR 1105.12 (newspaper publication), and 49 CFR 1152.50(d)(1) (notice to governmental agencies) have been met.

As a condition to this exemption, any employee adversely affected by the abandonment shall be protected under *Oregon Short Line Railroad—Abandonment Portion Goshen Branch Between Firth & Ammon, in Bingham & Bonneville Counties, Idaho*, 360 I.C.C. 91 (1979). To address whether this condition adequately protects affected employees, a petition for partial revocation under 49 U.S.C. 10502(d) must be filed.

Provided no formal expression of intent to file an offer of financial assistance (OFA) has been received,¹ this exemption will be effective on October 5, 2018, unless stayed pending reconsideration. Petitions to stay that do not involve environmental issues,² formal expressions of intent to file an OFA under 49 CFR 1152.27(c)(2),³ and trail use/rail banking requests under 49 CFR 1152.29 must be filed by September 17, 2018. Petitions to reopen or requests for public use conditions under 49 CFR 1152.28 must be filed by September 25, 2018,⁴ with the Surface Transportation Board, 395 E Street SW, Washington, DC 20423-0001.

A copy of any petition filed with the Board should be sent to CTM's representative: John D. Heffner, Clark Hill Strasburger, 1025 Connecticut Ave. NW, Suite 717, Washington, DC 20036.

If the verified notice contains false or misleading information, the exemption is void ab initio.

¹ The Board modified its OFA procedures effective July 29, 2017. Among other things, the OFA process now requires potential offerors, in their formal expression of intent, to make a preliminary financial responsibility showing based on a calculation using information contained in the carrier's filing and publicly available information. See *Offers of Financial Assistance*, EP 729 (STB served June 29, 2017); 82 FR 30,997 (July 5, 2017).

² The Board will grant a stay if an informed decision on environmental issues (whether raised by a party or by the Board's Office of Environmental Analysis (OEA) in its independent investigation) cannot be made before the exemption's effective date. See *Exemption of Out-of-Serv. Rail Lines*, 5 I.C.C.2d 377 (1989). Any request for a stay should be filed as soon as possible so that the Board may take appropriate action before the exemption's effective date.

³ Each OFA must be accompanied by the filing fee, which is currently set at \$1,800. See *Regulations Governing Fees for Servs. Performed in Connection with Licensing & Related Servs.—2017 Update*, EP 542 (Sub-No. 25), slip op. App. B at 13 (STB served August 8, 2018).

⁴ CTM states that it operated the Line pursuant to an operating easement granted to CTM by Soo Line Railroad Company (Soo) and that Soo continues to own the real estate underlying the Line. Thus, CTM states that the right of way currently used by the Line potentially could be appropriate for other public purposes.

CTM has filed a combined environmental and historic report that addresses the effects, if any, of the abandonment on the environment and historic resources. OEA will issue an environmental assessment (EA) by September 10, 2018. Interested persons may obtain a copy of the EA by writing to OEA (Room 1100, Surface Transportation Board, Washington, DC 20423-0001) or by calling OEA, at (202) 245-0305. Assistance for the hearing impaired is available through the Federal Information Relay Service (FIRS) at 1-800-877-8339. Comments on environmental and historic preservation matters must be filed within 15 days after the EA becomes available to the public.

Environmental, historic preservation, public use, or trail use/rail banking conditions will be imposed, where appropriate, in a subsequent decision.

Pursuant to the provisions of 49 CFR 1152.29(e)(2), CTM shall file a notice of consummation with the Board to signify that it has exercised the authority granted and fully abandoned the Line. If consummation has not been effected by CTM's filing of a notice of consummation by September 5, 2019, and there are no legal or regulatory barriers to consummation, the authority to abandon will automatically expire.

Board decisions and notices are available on our website at www.stb.gov.

Decided: August 30, 2018.

By the Board, Scott M. Zimmerman, Acting Director, Office of Proceedings.

Jeffrey Herzig,
Clearance Clerk.

[FR Doc. 2018-19223 Filed 9-4-18; 8:45 am]

BILLING CODE 4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36214]

Rock & Rail, LLC—Acquisition and Operation Exemption—Rail Lines of Martin Marietta Materials, Inc.

Rock & Rail, LLC (R&R), a Class III rail carrier, has filed a verified notice of exemption under 49 CFR 1150.41 to acquire and operate approximately 0.51 miles of rail line owned by Martin Marietta Materials, Inc. (MMM), located within MMM's existing industry facility in Weld County, CO, between milepost 14.97 and milepost 15.48, which includes existing yard, switching, and industry tracks (the Lines).

R&R states that it has reached an agreement, pursuant to which MMM would transfer its interests in the Lines and other related facilities to R&R, including a concrete ready-mix plant, a

³¹ 17 CFR 200.30-3(a)(12).