

**FOR FURTHER INFORMATION CONTACT:**

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**SUPPLEMENTARY INFORMATION:**

The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on October 15, 2018, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express & Priority Mail Contract 74 to Competitive Product List*. Documents are available at [www.prc.gov](http://www.prc.gov), Docket Nos. MC2019-10, CP2019-9.

**Elizabeth Reed,**

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-84425; File No. SR-NASDAQ-2018-050]

**Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Order Granting Approval of a Proposed Rule Change, as Modified by Amendment No. 1, Relating to the First Trust Senior Loan Fund of First Trust Exchange-Traded Fund IV**

October 15, 2018.

**I. Introduction**

On June 27, 2018, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) <sup>1</sup> and Rule 19b-4 thereunder, <sup>2</sup> a proposed rule change relating to the First Trust Senior Loan Fund (“Fund”) of First Trust Exchange-Traded Fund IV, the shares (“Shares”) of which have been approved by the Commission for listing and trading under Nasdaq Rule 5735 (“Managed Fund Shares”). The proposed rule change was published for comment in the *Federal Register* on July 17, 2018. <sup>3</sup> On August 30, 2018, pursuant to Section 19(b)(2) of the Act, <sup>4</sup> the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change. <sup>5</sup> On October 11,

2018, the Exchange filed Amendment No. 1 to the proposed rule change, which replaced and superseded the original filing in its entirety. <sup>6</sup> The Commission has received no comments on the proposed rule change. This order grants approval of the proposed rule change, as modified by Amendment No. 1.

**II. Description of the Proposed Rule Change, as Modified by Amendment No. 1** <sup>7</sup>

The Commission previously approved the listing and trading of the Shares of the Fund. <sup>8</sup>

The Exchange is proposing to: (i) Amend the definition of the term “under normal market conditions;” (ii) permit the Fund to invest a limited amount of its net assets in Senior Loans <sup>9</sup> and other floating rate loans that are in default (“Defaulted Loans”); and (iii) modify the Fund’s ability to retain

institute proceedings to determine whether to disapprove, the proposed rule change.

<sup>6</sup> In Amendment No. 1, the Exchange: (i) Represented that the Adviser will not implement the proposed changes until a post-effective amendment to the Registration Statement that, to the extent necessary, reflects such changes is effective; (ii) clarified the descriptions of the Primary Index and the Secondary Index; (iii) clarified that the Fund may not meet the criteria in Nasdaq Rules 5705(b)(4)(A)(i), 5705(b)(4)(A)(iii), and 5705(b)(4)(A)(vi); (iv) clarified the description of secondary loan trading volume; (v) clarified that Received Instruments will be equity, warrants, corporate bonds, and other such equity and fixed income securities; (vi) represented that the Exchange would communicate as needed regarding trading in the Shares and the exchange-listed instruments held by the Fund with other markets and other entities that are members of the Intermarket Surveillance Group (“ISG”), and that the Exchange may obtain information regarding trading in the Shares and the exchange-listed instruments held by the Fund from markets and other entities with which it has in place a comprehensive surveillance sharing agreement; and (vii) made technical and conforming changes. Because Amendment No. 1 does not materially alter the substance of the proposed rule change or raise unique or novel regulatory issues, it is not subject to notice and comment. Amendment No. 1 is available at <https://www.sec.gov/comments/sr-nasdaq-2018-050/srnasdaq2018050-4509572-175991.pdf>.

<sup>7</sup> For more information regarding the Fund and the Shares, see Amendment No. 1, *supra* note 6.

<sup>8</sup> See Securities Exchange Act Release Nos. 69072 (March 7, 2013), 78 FR 16006 (March 13, 2013) (“Prior Notice”) and 69464 (April 26, 2013), 78 FR 25774 (May 2, 2013) (SR-NASDAQ-2013-036) (“Prior Order” and, together with the Prior Notice, the “Prior Release”). First Trust Advisors L.P. (“Adviser”) represents that it will not implement the proposed changes until (i) the proposed rule change is operative and (ii) a post-effective amendment to the Registration Statement that, to the extent necessary, reflects such changes is effective.

<sup>9</sup> As stated in the Prior Notice, the Adviser considers Senior Loans to be first lien senior secured floating rate bank loans. The Prior Notice included certain descriptions of Senior Loans and the Senior Loan market, and the Exchange provides updated descriptions in the current proposal.

various instruments that, although not specifically selected by the Adviser, may be received by the Fund under certain circumstances. Except as provided in the Exchange’s current proposal, all other representations made in the Prior Notice remain unchanged.

**A. Definition of “Under Normal Market Conditions”**

The Prior Notice stated that the Fund, under normal market conditions, would seek to outperform the S&P/LSTA U.S. Leveraged Loan 100 Index (“Primary Index”) and the Markit iBoxx USD Liquid Leveraged Loan Index (“Secondary Index”) by investing at least 80% of its net assets (plus any borrowings for investment purposes) in Senior Loans. The Prior Notice defined “under normal market conditions” as follows:

The term “under normal market conditions” as used herein includes, but is not limited to, the absence of adverse market, economic, political or other conditions, including extreme volatility or trading halts in the fixed income markets or the financial markets generally; operational issues causing dissemination of inaccurate market information; or *force majeure* type events such as systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance. In periods of extreme market disturbance, the Fund may take temporary defensive positions, by overweighting its portfolio in cash/cash-like instruments; however, to the extent possible, the Adviser would continue to seek to achieve the Fund’s investment objective. Specifically, the Fund would continue to invest in Senior Loans (as defined herein). In response to prolonged periods of constrained or difficult market conditions the Adviser will likely focus on investing in the largest and most liquid loans available in the market.

The Exchange proposes to amend the definition of “under normal market conditions” as follows:

The term “under normal market conditions” as used herein includes, but is not limited to, the absence of adverse market, economic, political or other conditions, including extreme volatility or trading halts in the fixed income markets or the financial markets generally; operational issues causing dissemination of inaccurate market information; or *force majeure* type events such as systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance. The Fund may adopt a defensive strategy (and depart from its principal investment strategies) when the Adviser believes securities in which the Fund normally invests have elevated risks due to political or economic factors and in other extraordinary circumstances. In addition, on a temporary basis, including for defensive purposes,

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

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

<sup>3</sup> See Securities Exchange Act Release No. 83618 (July 11, 2018), 83 FR 33277.

<sup>4</sup> 15 U.S.C. 78s(b)(2).

<sup>5</sup> See Securities Exchange Act Release No. 84003, 83 FR 45289 (September 6, 2018). The Commission designated October 15, 2018 as the date by which the Commission shall approve or disapprove, or

during periods of extreme market disturbance and during periods of high cash inflows or outflows (*i.e.*, 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), the Fund may depart from its principal investment strategies; for example, it may hold a higher than normal proportion of its assets in cash. Under the circumstances described in the prior two sentences, the Fund may not be able to achieve its investment objectives; however, to the extent possible, the Adviser would continue to seek to achieve the Fund's investment objectives by continuing to invest in Senior Loans (as defined herein). In response to prolonged periods of constrained or difficult market conditions the Adviser will likely focus on investing in the largest and most liquid loans available in the market.

### B. Investments in Defaulted Loans

In the Prior Notice, the Exchange represented that the Adviser does not intend to purchase Senior Loans that are in default, but the Fund may hold a Senior Loan that has defaulted subsequent to its purchase by the Fund. In discussing the Fund's other investments, the Exchange also represented that the Fund will not invest in floating rate loans of companies whose financial condition is troubled or uncertain and that have defaulted on current debt obligations, as measured at the time of investment.

The Exchange proposes to permit the Fund to invest a limited portion of its net assets in Senior Loans and other floating rate loans that are in default. As proposed, Defaulted Loans would comprise no more than 15% of the Fund's net assets, as determined at the time of purchase ("15% Limitation"). If, subsequent to being purchased or otherwise obtained by the Fund, a Senior Loan or other floating rate loan defaults, the Fund may continue to hold such Senior Loan or other floating rate loan without regard to the 15% Limitation; however, such Senior Loan or other floating rate loan would be considered a Defaulted Loan for purposes of determining whether the Fund's purchase of additional Defaulted Loans would comply with the 15% Limitation.<sup>10</sup>

<sup>10</sup> The Exchange also proposes to make conforming changes to the descriptions in the Prior Notice regarding the characteristics of borrowers that will be included in the Fund. In particular, the Exchange proposes the following revised "Credit Metrics Representation": "As a general matter, the Fund will include borrowers that the Adviser believes have strong credit metrics, based on its evaluation of cash flows, collateral coverage and management teams." The Exchange also proposes the following revised "Senior Loan/Other Debt Representations": "As a general matter, the Adviser intends to invest in Senior Loans or other debt of

### C. Received Instruments

As described in the Prior Notice, the Fund may receive equity, warrants, corporate bonds and other such securities<sup>11</sup> (collectively, "Received Instruments") as a result of the restructuring of the debt of an issuer, or a reorganization of a senior loan or bond, or acquired together with a high yield bond or senior loan(s) of an issuer (collectively, "Received Instruments Triggers"). These investments are subject to the Fund's investment objectives, restrictions, and strategies.

#### a. Received Instruments Triggers

The Exchange proposes to modify the Received Instruments Triggers to provide that the Fund may receive Received Instruments (i) in conjunction with the restructuring or reorganization, as applicable, of an issuer or any debt issued by an issuer, whether accomplished within or outside of a bankruptcy proceeding under 11 U.S.C. 101 *et seq.* (or any other similar statutory restructuring or reorganization proceeding) or (ii) together with one or more Senior Loans (or other debt instruments) of an issuer.

#### b. Equity and Equity-Like Instruments and Interests

The Prior Notice stated that except for investments in exchange-traded funds that may hold non-U.S. issues, the Fund would not otherwise invest in non-U.S. equity issues ("Non-U.S. Equity Restriction"). The Prior Notice also stated that the equity securities in which the Fund may invest would be limited to securities that trade in markets that are members of the ISG or

companies that it believes have developed strong positions within their respective markets and exhibit the potential to maintain sufficient cash flows and profitability to service their obligations in a range of economic environments. The Adviser will generally seek to invest in Senior Loans or other debt of companies that it believes possess advantages in scale, scope, customer loyalty, product pricing, or product quality versus their competitors, thereby minimizing business risk and protecting profitability. As a general matter, the Adviser will seek to invest in Senior Loans or other debt of established companies it believes have demonstrated a record of profitability and cash flows over several economic cycles. The Adviser does not generally intend to invest in Senior Loans or other debt of primarily start-up companies, companies in turnaround situations or companies with speculative business plans; however, it may invest in such companies from time to time. As a general matter, the Adviser intends to focus on investments in which the Senior Loans or other debt of a target company has an experienced management team with an established track record of success. The Adviser will generally require companies to have in place proper incentives to align management's goals with the Fund's goals."

<sup>11</sup> The Exchange states in the current proposal that Received Instruments will be either equity or fixed income securities.

are parties to a comprehensive surveillance sharing agreement with the Exchange ("ISG Restriction").

The Exchange proposes to permit the Fund to retain, without regard to the Non-U.S. Equity Restriction or the ISG Restriction, Received Instruments that would encompass a broad range of U.S. and non-U.S. equity and equity-like positions and interests ("Equity-Based Received Instruments"). As proposed, Equity-Based Received Instruments means any one or more of the following (whether received individually or as part of a unit or package of securities and/or other instruments): (i) Common and preferred equity interests in corporations; (ii) membership interests (*e.g.*, in limited liability companies), partnership interests, and interests in other types of entities (*e.g.*, state law business trusts and real estate investment companies); (iii) warrants; (iv) Tax Receivable Agreement (TRA) rights; (v) claims (generally, rights to payment, which can come in various forms, including without limitation claims units and claims trusts); (vi) trust certificates representing an interest in a trust established under a confirmed plan of reorganization; (vii) interests in liquidating, avoidance, or other types of trusts; (viii) interests in joint ventures; and (ix) rights to acquire any of the Equity-Based Received Instruments described in clauses (i) through (viii).<sup>12</sup> As proposed, the Fund's aggregate holdings in (i) Received Instruments that are not Senior Loans and (ii) Received Instruments that are Senior Loans and do not satisfy the Par Amount Representation (as defined below) would be limited to 20% of the Fund's net assets. The Exchange also represents that the Fund would not hold more than 20% of its net assets in Equity-Based Received Instruments and that the Adviser expects that, generally, over time, significantly less than 20% of the Fund's net assets would be comprised of Equity-Based Received Instruments.

#### c. Convertible Securities/Debt Instruments

In the Prior Notice, the Exchange represented that each of the Fund's Senior Loan investments was expected to have no less than \$250 million par outstanding ("Par Amount

<sup>12</sup> The Fund may be entitled to acquire additional Equity-Based Received Instruments by exercising warrants (included in clause (iii)) and/or rights (included in clause (ix)). The Fund's ability to retain Equity-Based Received Instruments that it acquires by exercising such warrants and/or rights will be the same as its ability to retain Equity-Based Received Instruments that it otherwise receives.

Representation”).<sup>13</sup> The Exchange also represented that the Fund would not typically invest in convertible securities, but that should the Fund make such investments, the Adviser would direct the Fund to divest any converted equity security as soon as practicable (“Convertible Securities Restriction”).

The Exchange proposes to permit the Fund to retain Received Instruments in its portfolio, without regard to the Par Amount Representation or the Convertible Securities Restriction.<sup>14</sup> Further, the Exchange proposes to permit the Fund to continue to retain in its portfolio Received Instruments that are convertible securities after such securities have converted (*i.e.*, as Equity-Based Received Instruments) without regard to the Convertible Securities Restriction, the Non-U.S. Equity Restriction, or the ISG Restriction. Consistent with the Prior Release, Received Instruments that are convertible securities, bonds, loans, or other debt instruments of any type may be issued by U.S. and/or non-U.S. issuers. As noted above, the Fund would not hold more than 20% of its net assets in the aggregate in (i) Received Instruments that are not Senior Loans and (ii) Received Instruments that are Senior Loans and do not satisfy the Par Amount Representation.

### III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>15</sup> In particular, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with Section 6(b)(5) of the Act,<sup>16</sup> which requires, among other things, that the Exchange’s rules be designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, to remove impediments to and perfect the

mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

The Commission believes that the proposed definition of “under normal market conditions” would provide flexibility under certain conditions where the Adviser may find that it is appropriate for the Fund to depart from its principal investment strategies, which could potentially help the Fund to mitigate risks that may accompany these conditions.<sup>17</sup>

With respect to the aspect of the proposal that would permit the Fund to invest a portion of its net assets in Defaulted Loans, the Commission believes that the proposal would provide the Adviser with additional flexibility, but would be limited in scope. As discussed above, Defaulted Loans would be subject to the 15% Limitation. If, subsequent to being purchased or otherwise obtained by the Fund, a Senior Loan or other floating rate loan defaults, the Fund may continue to hold such Senior Loan or other floating rate loan without regard to the 15% Limitation; however, such Senior Loan or other floating rate loan would be considered a Defaulted Loan for purposes of determining whether the Fund’s purchase of additional Defaulted Loans would comply with the 15% Limitation.<sup>18</sup>

<sup>17</sup> In particular, the proposal would provide flexibility to the Adviser when the Adviser believes that the securities in which the Fund normally invests have elevated risks due to political or economic factors, in other extraordinary circumstances, and during periods of high cash inflows or outflows. The Commission notes that the proposed definition is consistent with the definitions from other recently approved proposals. See Securities Exchange Act Release Nos. 80745 (May 23, 2017), 82 FR 24755 (May 30, 2017) (SR–NASDAQ–2017–033) (order approving listing and trading of First Trust California Municipal High Income ETF) and 78913 (September 23, 2016), 81 FR 69109 (October 5, 2016) (SR–NASDAQ–2016–002) (order approving listing and trading of First Trust Municipal High Income ETF).

<sup>18</sup> The Commission notes that, currently, the Fund may continue to hold Senior Loans that default subsequent to being purchased by the Fund. The Commission also notes that it has previously approved the listing and trading of other funds that could invest a portion of their assets in defaulted securities. See, e.g., Securities Exchange Act Release Nos. 80946 (June 15, 2017), 82 FR 28126 (June 20, 2017) (SR–NASDAQ–2017–039) (order approving listing and trading of Guggenheim Limited Duration ETF); 80865 (June 6, 2017), 82 FR 26970 (June 12, 2017) (SR–NYSEArca–2017–48) (order approving listing and trading of Franklin Liberty Intermediate Municipal Opportunities ETF); 80745 (May 23, 2017), 82 FR 24755 (May 30, 2017) (SR–NASDAQ–2017–033) (order approving listing and trading of First Trust California Municipal High Income ETF); 78913 (September 23, 2016), 81 FR 69109 (October 5, 2016) (SR–NASDAQ–2016–002) (order approving listing and trading of First Trust Municipal High Income ETF); and 68972 (February 22, 2013), 78 FR 13721 (February 28, 2013) (SR–

As discussed above, the Exchange also proposes to amend the Received Instruments Triggers and to permit the Fund to retain a limited amount of Received Instruments. The Commission notes that the Fund’s ability to retain Received Instruments would be limited in scope. As discussed above, the Fund’s aggregate holdings in (a) Received Instruments that are not Senior Loans and (b) Received Instruments that are Senior Loans and do not satisfy the Par Amount Representation would be limited to 20% of the Fund’s net assets.<sup>19</sup>

The Commission notes that the Exchange does not propose to change the Fund’s investment objectives and, except as provided in the current proposal, all other representations made in the Prior Notice would remain unchanged. The Commission notes that, notwithstanding the proposed changes, the Exchange anticipates that the Fund, in accordance with its principal investment strategy, would continue to invest approximately 50% to 75% of its net assets in Senior Loans that are eligible for inclusion in and meet the liquidity thresholds of the Primary Index and/or the Secondary Index.<sup>20</sup> Moreover, the aggregate amount of the Fund’s net assets permitted to be held in illiquid securities (calculated at the time of investment), including Rule 144A securities, junior subordinated loans, and unsecured loans deemed illiquid by the Adviser, would continue to be limited to 15%.<sup>21</sup> In addition, except for the generic listing standards

NASDAQ–2012–147) (order approving listing and trading of First Trust High Yield Long/Short ETF).

<sup>19</sup> As a result, although it is possible that the Fund’s holdings may include certain Received Instruments that are Senior Loans that do not satisfy the Par Amount Representation, at least 80% of the Fund’s net assets will be comprised of Senior Loans that do satisfy the Par Amount Representation. Similarly, as discussed above, Equity-Based Received Instruments would comprise no more than 20% of the Fund’s net assets and the Adviser expects that, generally, over time, significantly less than 20% of the Fund’s net assets would be comprised of Equity-Based Received Instruments.

<sup>20</sup> The Exchange provided descriptions of the eligibility criteria for the Primary Index and the Secondary Index in the Prior Notice and updates certain of those descriptions in the current proposal.

<sup>21</sup> The Exchange also represents that the proposed changes would not conflict with the Fund’s investment objectives or overall investment strategies, or be inconsistent with the Adviser’s overall approach to managing the Fund. According to the Exchange, in selecting securities for the Fund, the Adviser would continue to seek to construct a portfolio of loans that it believes is less volatile than the general loan market. In addition, when making investments, the Adviser would continue to seek to maintain appropriate liquidity and price transparency for the Fund, and the key considerations of portfolio construction would continue to include liquidity, diversification, and relative value.

<sup>13</sup> The Par Amount Representation also includes the representation from the Prior Notice that the Fund may invest in Senior Loans borrowed by entities that would not meet the criteria set forth in Nasdaq Rule 5705(b)(4)(A)(vi) provided the borrower has at least \$250 million outstanding in Senior Loans.

<sup>14</sup> Also, neither the Credit Metrics Representation (as modified) nor the Senior Loan/Other Debt Representations (as modified) would preclude the Fund from retaining Received Instruments.

<sup>15</sup> In approving this proposed rule change, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>16</sup> 15 U.S.C. 78f(b)(5).

under Nasdaq Rule 5735(b)(1)<sup>22</sup> and as otherwise provided in the current proposal, the Fund and the Shares would continue to comply with the requirements applicable to Managed Fund Shares under Nasdaq Rule 5735.

The Commission also finds that the proposal is consistent with Section 11A(a)(1)(C)(iii) of the Act,<sup>23</sup> which sets forth Congress's finding that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with respect to quotations for and transactions in securities. As proposed, intra-day executable price quotations for the Senior Loans, fixed income securities, and other assets (including any Received Instruments and Defaulted Loans) held by the Fund would be available from major broker-dealer firms and/or market data vendors (and/or, if applicable, on the exchange on which they are traded). Intra-day price information for the holdings of the Fund would be available through subscription services, such as Markit, Bloomberg, and Thomson Reuters, which can be accessed by authorized participants and other investors, and/or from independent pricing services.

On each business day, before commencement of trading in Shares in the Regular Market Session on the Exchange, the Fund would continue to disclose on [www.ftportfolios.com](http://www.ftportfolios.com) the Disclosed Portfolio (as defined in Nasdaq Rule 5735(c)(2)) that will form the basis for the Fund's calculation of net asset value ("NAV") at the end of the business day. NAV per Share would continue to be calculated daily, and the NAV and the Disclosed Portfolio would continue to be made available to all market participants at the same time. Further, the Intraday Indicative Value (as defined in Nasdaq Rule 5735(c)(3)) for the Fund would continue to be widely disseminated by one or more major market data vendors and broadly displayed at least every 15 seconds during the Regular Market Session.

In support of this proposal, the Exchange also represents that trading in the Shares will be subject to the existing trading surveillances, administered by both the Exchange and the Financial

Industry Regulatory Authority ("FINRA") on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws,<sup>24</sup> and 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, and the Exchange would communicate as needed regarding trading in the Shares and the exchange-listed instruments held by the Fund (including exchange-listed Equity-Based Received Instruments (if any) and any other exchange-listed equity securities) with other markets and other entities that are members of ISG. FINRA and the Exchange both may obtain trading information regarding trading in the Shares and such exchange-listed instruments held by the Fund from markets and other entities that are members of ISG, which include securities exchanges. The Exchange may also obtain information regarding trading in the Shares and such exchange-listed instruments held by the Fund from markets and other entities with which it has in place a comprehensive surveillance sharing agreement. Moreover, FINRA, on behalf of the Exchange, would be able to access, as needed, trade information for certain fixed income securities held by the Fund reported to FINRA's Trade Reporting and Compliance Engine.

The Exchange represents that all statements and representations made in the filing regarding (a) the description of the portfolio or reference assets, (b) limitations on portfolio holdings or reference assets, (c) dissemination or availability of the reference asset or intraday indicative values, or (d) the applicability of Exchange listing rules shall constitute continued listing requirements for listing the Shares on the Exchange. In addition, 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<sup>25</sup> for

<sup>24</sup> The Exchange states that FINRA surveils trading on the Exchange pursuant to a regulatory services agreement, and the Exchange is responsible for FINRA's performance under this regulatory services agreement.

<sup>25</sup> The Commission notes that certain proposals for the listing and trading of exchange-traded products include a representation that the exchange will "surveil" for compliance with the continued listing requirements. See, e.g., Securities Exchange Act Release No. 77499 (April 1, 2016), 81 FR 20428, 20432 (April 7, 2016) (SR-BATS-2016-04). In the context of this representation, it is the

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 the Nasdaq 5800 Series.

This approval order is based on all of the Exchange's representations, including those set forth above and in Amendment No. 1.

For the foregoing reasons, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with Section 6(b)(5) of the Act<sup>26</sup> and Section 11A(a)(1)(C)(iii) of the Act<sup>27</sup> and the rules and regulations thereunder applicable to a national securities exchange.

#### IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>28</sup> that the proposed rule change (SR-NASDAQ-2018-050), as modified by Amendment No. 1 be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>29</sup>

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

[FR Doc. 2018-22775 Filed 10-18-18; 8:45 am]

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#### SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-348, OMB Control No. 3235-0394]

#### Submission for OMB Review; Comment Request

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

Extension:  
Rule 15g-5

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 ("PRA") (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget ("OMB") a request for approval of extension of the previously approved

Commission's view that "monitor" and "surveil" both mean ongoing oversight of compliance with the continued listing requirements. Therefore, the Commission does not view "monitor" as a more or less stringent obligation than "surveil" with respect to the continued listing requirements.

<sup>26</sup> 15 U.S.C. 78f(b)(5).

<sup>27</sup> 15 U.S.C. 78k-1(a)(1)(C)(iii).

<sup>28</sup> 15 U.S.C. 78s(b)(2).

<sup>29</sup> 17 CFR 200.30-3(a)(12).

<sup>22</sup> The Fund would continue to generally satisfy the generic fixed income listing requirements in Nasdaq Rule 5705(b)(4) on a continuous basis measured at the time of purchase, subject to certain exceptions and modifications described in the Prior Notice and the current proposal. In particular, the Fund may not meet the criteria in Nasdaq Rules 5705(b)(4)(A)(i) and 5705(b)(4)(A)(iii), and the Prior Notice permitted a modification to the criteria under Nasdaq Rule 5705(b)(4)(A)(vi).

<sup>23</sup> 15 U.S.C. 78k-1(a)(1)(C)(iii).