

• Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEArca-2020-51 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-2020-51. 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 such 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-2020-51, and should be submitted on or before July 20, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>33</sup>

**J. Matthew DeLesDernier,**  
Assistant Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-89129; File No. SR-NYSEArca-2020-57]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Permit the Continued Listing and Trading of the WisdomTree Mortgage Plus Bond Fund

June 23, 2020.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the "Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on June 11, 2020, NYSE Arca, Inc. ("NYSE Arca" or the "Exchange") 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 permit the continued listing and trading of the WisdomTree Mortgage Plus Bond Fund listed under NYSE Arca Rule 8.600-E. The proposed rule change is available on the Exchange's website at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

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

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

###### 1. Purpose

Pursuant to NYSE Arca Rule 8.600-E, the Exchange proposes to permit the

continued listing and trading of the WisdomTree Mortgage Plus Bond Fund (the "Fund"), a series of the WisdomTree Trust (the "Trust"), listed under NYSE Arca Rule 8.600-E ("Managed Fund Shares"),<sup>4</sup> that does not otherwise meet the standards set forth in Rule 8.600-E, Commentary .01(b)(4), as described below. The shares ("Shares") of the Fund commenced trading on the Exchange on November 14, 2019 pursuant to the generic listing standards under Commentary .01 to NYSE Arca Rule 8.600-E (ticker symbol MTGP).

The Shares are offered by the Trust, which is registered with the Commission as an open-end management investment company consisting of multiple investment series.<sup>5</sup> Each Fund is a series of the Trust. WisdomTree Asset Management, Inc. (the "Adviser") is the investment adviser to the Fund. Voya Investment Management Co., LLC (the "Subadviser") is the subadviser to the Fund. Foreside Fund Services, LLC serves as the distributor ("Distributor") of the Shares 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.<sup>6</sup> In addition,

<sup>4</sup> 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.

<sup>5</sup> The Trust is registered under the 1940 Act. On December 19, 2019 (effective January 1, 2020), the Trust filed with the Securities and Exchange Commission ("SEC" or "Commission") a registration statement update on Form N-1A under the Securities Act of 1933 (15 U.S.C. 77a), and under the 1940 Act relating to the Fund (File Nos. 333-132380 and 811-21864) ("Registration Statement"). The description of the operation of the Trust and of the Fund and Shares herein is based, in part, on the Registration Statement. There are no permissible holdings for the Fund that are not described in this proposal. The Commission has issued an order granting certain exemptive relief to the Trust under the Investment Company Act of 1940 (15 U.S.C. 80a-1) ("1940 Act"). See Investment Company Act Release No. 28471 (Oct. 27, 2008) (File No. 812-13458).

<sup>6</sup> An investment adviser to an open-end fund is required to be registered under the Investment

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

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

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

<sup>33</sup> 17 CFR 200.30-3(a)(12).

Commentary .06 further requires that personnel who make decisions on the investment company's portfolio composition must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable investment company portfolio.

The Adviser is not a registered broker-dealer and is not affiliated with a broker-dealer. In addition, Adviser personnel who make decisions regarding the Fund's portfolio are subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the Fund's portfolio. The Subadviser is affiliated with multiple broker-dealers and has implemented and will maintain a "fire wall" with respect to such broker-dealers and their personnel regarding access to information concerning the composition and/or changes to the Fund's portfolio. In addition, Subadviser personnel who make decisions regarding a Fund's portfolio are subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the Fund's portfolio. In the event that (a) the Adviser becomes registered as a broker-dealer or newly affiliated with a broker-dealer, or (b) any new adviser or subadviser is a registered broker-dealer or becomes affiliated with a broker-dealer, it will implement and maintain a fire wall with respect to its relevant personnel or such broker-dealer affiliate, as applicable, regarding access to information concerning the composition and/or changes to the portfolio, and will be subject to procedures designed to prevent the use and dissemination of

Advisers Act of 1940 (the "Advisers Act"). As a result, the Adviser and Subadviser and their related personnel are subject to the provisions of Rule 204A-1 under the Advisers Act relating to codes of ethics. This Rule requires investment advisers to adopt a code of ethics that reflects the fiduciary nature of the relationship to clients as well as compliance with other applicable securities laws. Accordingly, procedures designed to prevent the communication and misuse of non-public information by an investment adviser must be consistent with Rule 204A-1 under the Advisers Act. 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.

material non-public information regarding such portfolio.

As discussed below, the Fund's investments currently comply with the generic requirements set forth in Commentary .01 to Rule 8.600-E for Managed Fund Shares ("Generic Listing Standards"), except as described herein. The Exchange submits this proposal in order to allow the Fund to hold fixed income securities in a manner that would not satisfy the criteria in Commentary .01(b)(4).<sup>7</sup> Specifically, the Fund seeks to allow up to 20% of the Fund's portfolio to be composed of the following securitized credit securities that will not satisfy the criteria in Commentary .01(b)(4): Non-agency or privately issued residential and commercial mortgage-backed securities ("MBS"), asset-backed securities ("ABS"), collateralized debt (including loan) obligations and credit risk transfer securities (*i.e.*, debt issued by government agencies, but which is not backed by the government agencies such that credit risk is transferred to the private sector) (collectively, "Private ABS/MBS"). The Exchange notes that this proposed rule change is similar to previous rule changes involving Managed Fund Shares seeking similar relief.<sup>8</sup>

#### Principal Investments of the Fund

The investment objective of the Fund seeks to provide income and capital appreciation. The Fund seeks to achieve its investment objective by investing primarily in a portfolio of mortgage-

<sup>7</sup> Commentary .01(b)(4) provides that component securities that in the aggregate account for at least 90% of the fixed income weight of the portfolio must be either: (a) From issuers that are required to file reports pursuant to Sections 13 and 15(d) of the Act; (b) from issuers that have a worldwide market value of its outstanding common equity held by non-affiliates of \$700 million or more; (c) from issuers that have outstanding securities that are notes, bonds debentures, or evidence of indebtedness having a total remaining principal amount of at least \$1 billion; (d) exempted securities as defined in Section 3(a)(12) of the Act; or (e) from issuers that are a government of a foreign country or a political subdivision of a foreign country.

<sup>8</sup> See Securities Exchange Act Release No. 87963 (January 14, 2020), 85 FR 3458 (January 21, 2020) (SR-NYSEArca-2019-51) (Notice of Filing of Amendment No. 2 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 2, Regarding Investments of the Janus Henderson Mortgage-Backed Securities ETF) (approving expanding permitted investments beyond what is permitted under the generic listing requirements, including excluding Private ABS/MBS from the 90% calculation in Commentary .01(b)(4)) ("Release No. 87963"). See also Securities Exchange Act Release No. 87576 (November 20, 2019), 84 FR 65206 (November 26, 2019) (SR-NYSEArca-2019-14) (approving certain changes to the listing rule for shares of the PGIM Ultra Short Bond ETF expanding permitted investments beyond what is permitted under the generic listing requirements).

related fixed income securities issued or guaranteed by the U.S. government or its agencies or instrumentalities.<sup>9</sup> Under normal market conditions,<sup>10</sup> the Fund invests at least 80% of its net assets (plus any borrowings for investment purposes) in mortgage-related debt and other securitized debt. Specifically, the Fund may invest in the following mortgage-related fixed income instruments issued or guaranteed by the U.S. government or its agencies or instrumentalities ("Mortgage-Related Fixed Income Instruments"):

- Government National Mortgage Association ("GNMA"), the Federal National Mortgage Association ("FNMA"), and Federal Home Loan Mortgage Corporation ("FHLMC") mortgage-related fixed income securities;
- residential mortgage-backed securities;
- commercial mortgage-backed securities;
- collateralized mortgage obligations;
- real estate mortgage investment conduits ("REMICs"); and
- exchange-traded funds ("ETFs")<sup>11</sup> and mutual funds that invest primarily in mortgage-backed securities.

The Fund may purchase mortgage-backed securities through standardized contracts for future delivery in which the exact mortgage pools to be delivered are not specified until a few days prior to settlement, referred to as a "to-be-announced transaction" or "TBA Transaction."

The Fund's investments in Mortgage-Related Fixed Income Instruments and Private ABS/MBS may be represented by futures contracts.

<sup>9</sup> Agency MBS includes residential mortgage-backed securities, commercial mortgage-backed securities, and structured products such as collateralized mortgage obligations and real estate mortgage investment conduits ("REMICs"). For avoidance of doubt, the Fund will comply with Commentary.01(b)(5) to NYSE Arca Rule 8.600-E, which provides that non-agency, non-government-sponsored entity ("GSE") and privately-issued mortgage-related and other asset-backed securities components of a portfolio shall not account, in the aggregate, for more than 20% of the weight of the portfolio. For purposes of this filing, all non-agency, non-GSE and privately-issued mortgage-related and other asset-backed securities components of the Fund's portfolio, including, without limitation, Private ABS/MBS, shall not account, in the aggregate, for more than 20% of the weight of the Fund's portfolio.

<sup>10</sup> The term "normal market conditions" is defined in NYSE Arca Rule 8.600-E(c)(5).

<sup>11</sup> For purposes of this filing, ETFs are Investment Company Units (as described in NYSE Arca Rule 5.2-E(j)(3)); Exchange-Traded Fund Shares (as described in NYSE Arca Rule 5.2-E(j)(8)); Portfolio Depositary Receipts (as described in NYSE Arca Rule 8.100-E); and Managed Fund Shares (as described in NYSE Arca Rule 8.600-E). All ETFs will be listed and traded in the U.S. on a national securities exchange.

The Fund may hold cash and cash equivalents.<sup>12</sup>

#### 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 would meet all such requirements except for those set forth in Commentary .01(b)(4) applicable to Private ABS/MBS as defined above.<sup>13</sup>

The Fund will not comply with the requirements in Commentary .01(b)(4) to Rule 8.600–E that component securities that in the aggregate account for at least 90% of the fixed income weight of the portfolio meet one of the criteria specified in Commentary .01(b)(4), because certain Private ABS/MBS by their nature cannot satisfy the criteria in Commentary .01(b)(4). Private ABS/MBS are generally issued by special purpose vehicles in amounts smaller than the minimum dollar threshold set forth in Commentary .01(b)(4), so the criteria in Commentary .01(b)(4) to Rule 8.600–E regarding an issuer’s market capitalization and the remaining principal amount of an issuer’s securities are typically unavailable with respect to Private ABS/MBS, even though such Private ABS/MBS may own significant assets. Instead, the Exchange proposes that the Fund’s investments in Mortgage-Related Fixed Income Instruments other than Private ABS/MBS will be required to comply with the requirements of Commentary .01(b)(4).

The Exchange believes that excluding Private ABS/MBS from the 90% calculation in Commentary .01(b)(4) is consistent with the Act because the Fund’s portfolio will minimize the risk to the overall Fund associated with any particular holding of the Fund as a result of the diversification provided by the investments and the Adviser’s selection process, which closely monitors investments to ensure maintenance of credit and liquidity standards. Further, the Exchange believes that this alternative limitation is appropriate because Commentary

.01(b)(4) to Rule 8.600–E is not designed for structured finance vehicles such as Private ABS/MBS.

The Exchange notes that the Commission has previously approved the listing of Managed Fund Shares with similar investment objectives and strategies without imposing requirements that a certain percentage of such funds’ securities meet one of the criteria set forth in Commentary .01(b)(4).<sup>14</sup>

The proposed exceptions from the requirements of Commentary .01 to Rule 8.600–E described above are consistent with the Fund’s investment objective, and will further assist the Adviser to achieve such investment objective. Deviations from the generic requirements are necessary for the Fund to achieve its investment objective in a manner that is cost-effective and that maximizes investors’ returns. Further, the proposed alternative requirements are narrowly tailored to allow the Fund to achieve its investment objective in manner that is consistent with the principles of Section 6(b)(5) of the Act. As a result, it is in the public interest to approve the continued listing and trading of Shares of the Fund on the Exchange pursuant to the requirements set forth herein. In addition, the Fund’s investments in Private ABS/MBS are subject to the Fund’s liquidity risk management program as approved by the Fund’s board of trustees.<sup>15</sup> The liquidity procedures generally include public disclosure by the Fund of its liquidity and redemption practices. The Fund’s holdings in Private ABS/MBS are, and will continue to be, encompassed within the Fund’s liquidity risk management program. The Exchange notes that all Mortgage-Related Fixed Income Instruments other than Private ABS/MBS will meet the requirements of Commentary .01(b)(4) to Rule 8.600–E.

Except for the change noted above, the Fund will continue to comply with all other listing requirements on an initial and continued listing basis under Commentary .01 to Rule 8.600–E for Managed Fund Shares.

<sup>14</sup> See Release No. 87963, 85 FR at 3458.

<sup>15</sup> Rule 22e–4(b) under the 1940 Act requires, among other things, that a fund “adopt and implement a written liquidity risk management program that is reasonably designed to assess and manage its liquidity risk.” The rule is “designed to promote effective liquidity risk management throughout the open-end investment company industry, thereby reducing the risk that funds will be unable to meet their redemption obligations and mitigating dilution of the interests of fund shareholders.” See Release Nos. 33–10233; IC–32315; File No. S7–16–15 (October 13, 2016).

#### Availability of Information

The Fund’s website (<https://www.WisdomTree.com>) will include the Fund’s prospectus that may be downloaded. The Fund’s website will include ticker, CUSIP and exchange information, along with additional quantitative information updated on a daily basis, including, for the Fund: (1) The prior Business Day’s net asset value (“NAV”) per share and the market closing price or mid-point of the bid/ask spread at the time of calculation of such NAV per share (the “Bid/Ask Price”),<sup>16</sup> and a calculation of the premium or discount of the market closing price or Bid/Ask Price against such NAV per share; and (2) a table showing the number of days of such premium or discount for the most recently completed calendar year, and the most recently completed calendar quarters since that year (or the life of Fund, if shorter). On each business day, before commencement of trading in Shares in the Core Trading Session on the Exchange, the Fund will disclose on its website the Disclosed Portfolio as defined in NYSE Arca Rule 8.600–E(c)(2) that forms the basis for the Fund’s calculation of NAV at the end of the business 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.

Investors can also obtain the Trust’s Statement of Additional Information (“SAI”), the Fund’s Shareholder Reports, and the Fund’s Forms N–CSR and Forms N–CEN. The Fund’s SAI and Shareholder Reports will be available free upon request from the Trust, and those documents and the Form N–CSR, Form N–PX, Form N–PORT and Form N–CEN may be viewed on-screen or downloaded from the Commission’s website at [www.sec.gov](http://www.sec.gov).

Quotation and last-sale information regarding the Shares will be disseminated through the facilities of the Consolidated Tape Association (“CTA”). 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

<sup>16</sup> The Bid/Ask Price of the Fund’s Shares will be determined using the mid-point of the highest bid and the lowest offer on the Exchange as of the time of calculation of the Fund’s NAV. The records relating to Bid/Ask Prices will be retained by the Fund and its service providers.

<sup>12</sup> The Fund’s investments in futures will comply with the requirements of Commentary .01(d) to NYSE Arca Rule 8.600–E, and cash equivalents will comply with Commentary .01(c) to NYSE Arca Rule 8.600–E.

<sup>13</sup> Because the Fund is not in compliance with Rule 8.600–E, Commentary .01(b)(4), the Exchange has commenced delisting proceedings pursuant to Rule 5.5–E(m), including issuing a deficiency notification, for which the Fund has been granted a cure period to come into compliance.

for the Shares will be published daily in the financial section of newspapers.

Price information regarding Mortgage-Related Fixed Income Instruments, Private ABS/MBS, cash equivalents and futures generally may be obtained from brokers and dealers who make markets in such securities or through nationally recognized pricing services through subscription agreements. Price information regarding exchange-traded futures is also available from the applicable exchange on which the future is listed and traded.

#### Surveillance

The Exchange believes that its surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws. The Exchange represents that trading in the Shares will be subject to the existing trading surveillances, administered by Financial Industry Regulatory Authority ("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.<sup>17</sup>

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

The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares and certain Mortgage-Related Fixed Income Instruments and futures 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 such securities and financial instruments from such markets and other entities. The Exchange may obtain information regarding trading in

<sup>17</sup> FINRA conducts cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement.

such securities and financial instruments from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. FINRA, on behalf of the Exchange, is able to access, as needed, trade information for certain Mortgage-Related Fixed Income Instruments and cash equivalents held by the Fund reported to FINRA's Trade Reporting and Compliance Engine ("TRACE").

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 or reference assets, (b) limitations on portfolio holdings or reference assets, (c) dissemination and availability of reference assets and portfolio indicative values, or (d) 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 must notify 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).

#### 2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)<sup>18</sup> that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

The Exchange believes that the proposed noncompliance for Private ABS/MBS with the requirements in Commentary .01(b)(4) to Rule 8.600–E that component securities that in the aggregate account for at least 90% of the fixed income weight of the portfolio meet one of the criteria specified in Commentary .01(b)(4) is appropriate because certain Private ABS/MBS by their nature cannot satisfy the criteria in Commentary .01(b)(4). As described above, Private ABS/MBS are generally issued by special purpose vehicles in

<sup>18</sup> 15 U.S.C. 78f(b)(5).

amounts smaller than the minimum dollar threshold set forth in Commentary .01(b)(4), so the criteria in Commentary .01(b)(4) to Rule 8.600–E regarding an issuer's market capitalization and the remaining principal amount of an issuer's securities are typically unavailable with respect to Private ABS/MBS, even though such Private ABS/MBS may own significant assets. Instead, the Exchange proposes that the Fund's investments in Mortgage-Related Fixed Income Instruments other than Private ABS/MBS will be required to comply with the requirements of Commentary .01(b)(4).

The Exchange believes that excluding Private ABS/MBS from the 90% calculation in Commentary .01(b)(4) is consistent with the Act because the Fund's portfolio will minimize the risk to the overall Fund associated with any particular holding of the Fund as a result of the diversification provided by the investments and the Adviser's selection process, which closely monitors investments to ensure maintenance of credit and liquidity standards. The proposed exceptions from the requirements of Commentary .01 to Rule 8.600–E described above are consistent with the Fund's investment objective, and will further assist the Adviser to achieve such investment objective. Deviations from the generic requirements are necessary for the Fund to achieve its investment objective in a manner that is cost-effective and that maximizes investors' returns. Further, the proposed alternative requirements are narrowly tailored to allow the Fund to achieve its investment objective in a manner that is consistent with the principles of Section 6(b)(5) of the Act. As a result, it is in the public interest to approve the continued listing and trading of Shares of the Fund on the Exchange pursuant to the requirements set forth herein. In addition, as noted, the Fund's investments in Private ABS/MBS are subject to the Fund's liquidity risk management program as approved by the Fund's board of trustees.<sup>19</sup> The liquidity procedures generally include public disclosure by the Fund of its liquidity and redemption practices. The Fund's holdings in Private ABS/MBS

<sup>19</sup> Rule 22e–4(b) under the 1940 Act requires, among other things, that a fund "adopt and implement a written liquidity risk management program that is reasonably designed to assess and manage its liquidity risk." The rule is "designed to promote effective liquidity risk management throughout the open-end investment company industry, thereby reducing the risk that funds will be unable to meet their redemption obligations and mitigating dilution of the interests of fund shareholders." See Release Nos. 33–10233; IC–32315; File No. S7–16–15 (October 13, 2016).

are, and will continue to be, encompassed within the Fund's liquidity risk management program. The Exchange notes that all Mortgage-Related Fixed Income Instruments other than Private ABS/MBS will meet the requirements of Commentary .01(b)(4) to Rule 8.600–E.

The Exchange notes that the Commission has previously approved the listing of Managed Fund Shares with similar investment objectives and strategies without imposing requirements that a certain percentage of such funds' securities meet one of the criteria set forth in Commentary .01(b)(4).<sup>20</sup>

The Exchange believes that its surveillance procedures are adequate to properly monitor the trading of the Funds on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws.

Trading of the Funds through the Exchange will be subject to the Exchange's surveillance procedures for derivative products, including Managed Fund Shares. All statements and representations made in this filing regarding the description of the portfolio or reference assets, limitations on portfolio holdings or reference assets, dissemination and availability of reference assets and portfolio indicative values, and the applicability of Exchange listing rules specified in this filing shall constitute continued listing requirements for the Funds. The Trust, on behalf of the Funds, has represented to the Exchange that it will advise the Exchange of any failure by a Fund or the Shares to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will surveil for compliance with the continued listing requirements. If a Fund or the Shares are not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under Exchange Rule 5.5–E(m).

For the above reasons, the Exchange believes that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act.

#### *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 believes that the proposed rule change will facilitate listing and trading of

shares of another actively managed ETF that principally holds fixed income 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**

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>21</sup> and Rule 19b–4(f)(6) thereunder.<sup>22</sup>

A proposed rule change filed pursuant to Rule 19b–4(f)(6) under the Act<sup>23</sup> normally does not become operative for 30 days after the date of its filing. However, Rule 19b–4(f)(6)(iii)<sup>24</sup> permits the Commission to 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. The Exchange states that waiver of the 30-day operative delay would facilitate the Adviser and the Subadviser's ability to continue to implement the Fund's investment objective in a manner that is cost-effective, maximizes investors' returns, and is consistent with the principles of Section 6(b)(5) of the Act. According to the Exchange, except for the change noted above, the Fund will continue to comply with all other listing requirements on an initial and continued listing basis under Commentary .01 to Rule 8.600–E for Managed Fund Shares. Specifically, the Exchange represents that all Mortgage-Related Fixed Income Instruments other than Private ABS/MBS will meet the

requirements of Commentary .01(b)(4) to Rule 8.600–E. Because the Fund is currently not in compliance with Rule 8.600–E, Commentary .01(b)(4), the Exchange has commenced delisting proceedings pursuant to Rule 5.5–E(m), including issuing a deficiency notification, for which the Fund has been granted a cure period to come into compliance. The Exchange represents that, in connection with this proposed rule change, all statements and representations made in this filing regarding the description of the portfolio or reference assets, limitations on portfolio holdings or reference assets, dissemination and availability of reference assets and portfolio indicative values, and the applicability of Exchange listing rules specified in this filing shall constitute continued listing requirements for the Funds, and that the Trust, on behalf of the Funds, has represented to the Exchange that it will advise the Exchange of any failure by the Fund or the Shares to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will surveil for compliance with the continued listing requirements. If the Fund or the Shares are not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under Exchange Rule 5.5–E(m). For these reasons, the Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the operative delay and designates the proposal as operative upon filing.<sup>25</sup>

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

<sup>21</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>22</sup> 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6)(iii) requires a self-regulatory organization to give the Commission 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. The Exchange has satisfied this requirement.

<sup>23</sup> 17 CFR 240.19b–4(f)(6).

<sup>24</sup> 17 CFR 240.19b–4(f)(6)(iii).

<sup>25</sup> For purposes only of waiving the 30-day operative delay, the Commission also has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>20</sup> See Release No. 87963, 85 FR at 3458.

change is consistent with the Act. Comments may be submitted by any of the following methods:

*Electronic Comments*

- Use the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEArca-2020-57 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-2020-57. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEArca-2020-57, and should be submitted on or before July 20, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>26</sup>

**J. Matthew DeLesDernier,**  
Assistant Secretary.

[FR Doc. 2020-13873 Filed 6-26-20; 8:45 am]

**BILLING CODE 8011-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-89136; File No. SR-MIAX-2020-17]

**Self-Regulatory Organizations; Miami International Securities Exchange, LLC; Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change To Add the Consolidated Audit Trail Industry Member Compliance Rules to Exchange Rule 1014, Imposition of Fines for Minor Rule Violations**

June 23, 2020

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> notice is hereby given that, on June 18, 2020, Miami International Securities Exchange, LLC ("MIAX Options" or the "Exchange") 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 and approving the proposal on an accelerated basis.

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

The Exchange is filing a proposal to add the Consolidated Audit Trail ("CAT") industry member compliance rules to the list of minor rule violations in Rule 1014.

The text of the proposed rule change is available on the Exchange's website at <http://www.miaxoptions.com/rule-filings/> at MIAX Options' principal office, 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 Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

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

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

1. Purpose

The Exchange proposes to add its CAT industry member compliance rules (the "CAT Compliance Rules") to the list of minor rule violations in Rule 1014. This proposal is based upon the Financial Industry Regulatory Authority, Inc. ("FINRA") filing to amend FINRA Rule 9217 in order to add FINRA's corresponding CAT Compliance Rules to FINRA's list of rules that are eligible for minor rule violation plan treatment.<sup>3</sup> This proposal is also based upon the New York Stock Exchange, Inc. ("NYSE") filing to amend NYSE Rule 9217 in order to add NYSE's corresponding CAT Compliance Rules to NYSE's list of rules that are eligible for minor rule violation plan treatment.<sup>4</sup>

Proposed Rule Change

The Exchange recently adopted the CAT Compliance Rules under Chapter XVII in order to implement the National Market System Plan Governing the Consolidated Audit Trail (the "CAT NMS Plan" or "Plan").<sup>5</sup> The CAT NMS Plan was filed by the Plan Participants to comply with Rule 613 of Regulation NMS under the Exchange Act,<sup>6</sup> and each Plan Participant accordingly has adopted the same compliance rules in the Exchange's Chapter XVII. The common compliance rules adopted by each Plan Participant are designed to require industry members to comply with the provisions of the CAT NMS Plan, which broadly calls for industry members to record and report timely and accurately customer, order, and trade information relating to activity in NMS Securities and OTC Equity Securities.

Rule 1014 sets forth the list of rules under which a member may be subject to a fine. Rule 1014 permits the Exchange to impose a fine of up to \$5,000 on any member or a person associated with or employed by a member for a minor violation of an eligible rule. The Exchange proposes to amend Rule 1014 to add the CAT Compliance Rules under Chapter XVII to the list of rules eligible for

<sup>3</sup> See Securities Exchange Act Release Nos. 88870 (May 14, 2020), 85 FR 30768 (May 20, 2020) (SR-FINRA-2020-013).

<sup>4</sup> See SR-NYSE-2020-51.

<sup>5</sup> See Securities Exchange Act Release No. 80256 (March 15, 2017), 82 FR 14526 (March 21, 2017) (SR-MIAX-2017-03).

<sup>6</sup> 17 CFR 242.613.

<sup>26</sup> 17 CFR 200.30-3(a)(12).