

public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference 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; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CBOE-2013-102 and should be submitted on or before November 21, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>17</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

**[Release No. 34-70754; File No. SR-NYSEArca-2013-105]**

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change To List and Trade Shares of the SPDR MFS Systematic Core Equity ETF, SPDR MFS Systematic Growth Equity ETF, and SPDR MFS Systematic Value Equity ETF Under NYSE Arca Equities Rule 8.600

October 25, 2013.

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 October 10, 2013, 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.

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

<sup>18</sup> 15 U.S.C. 78s(b)(1).

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

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

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

The Exchange proposes to list and trade shares of the following under NYSE Arca Equities Rule 8.600 ("Managed Fund Shares"): SPDR MFS Systematic Core Equity ETF; SPDR MFS Systematic Growth Equity ETF; and SPDR MFS Systematic Value Equity ETF. The text of the proposed rule change is available on the Exchange's Web site at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

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

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

##### 1. Purpose

The Exchange proposes to list and trade shares ("Shares") of the following under NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares: SPDR MFS Systematic Core Equity ETF; SPDR MFS Systematic Growth Equity ETF; and SPDR MFS Systematic Value Equity ETF (each a "Fund" and, collectively, the "Funds").<sup>4</sup> The Shares will be offered by SSgA Active ETF Trust (the "Trust"), which is organized as a Massachusetts business trust and is registered with the Commission as an open-end management investment

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

company.<sup>5</sup> SSgA Funds Management, Inc. (the "Adviser" or "SSgA FM") will serve as the investment adviser to the Funds. Massachusetts Financial Services Company (the "Sub-Adviser" or "MFS") will be the sub-adviser for the Funds.<sup>6</sup> State Street Global Markets, LLC (the "Distributor" or "Principal Underwriter") will be the principal underwriter and distributor of the Funds' Shares. State Street Bank and Trust Company (the "Administrator", "Custodian" or "Transfer Agent") will serve as administrator, custodian and transfer agent for the Funds.<sup>7</sup>

Commentary .06 to Rule 8.600 provides that, if the investment adviser to the investment company issuing Managed Fund Shares is affiliated with a broker-dealer, such investment adviser shall erect a "fire wall" between the investment adviser and the broker-dealer with respect to access to information concerning the composition and/or changes to such investment company portfolio. 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.<sup>8</sup> Commentary .06 to Rule

<sup>5</sup> The Trust is registered under the 1940 Act. On December 21, 2012, the Trust filed with the Commission an amendment to its registration statement on Form N-1A under the Securities Act of 1933 (15 U.S.C. 77a) ("Securities Act"), and under the 1940 Act relating to the Funds (File Nos. 333-173276 and 811-22542) ("Registration Statement"). The description of the operation of the Trust and the Funds herein is based, in part, on the Registration Statement. In addition, the Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act. See Investment Company Act Release No. 29524 (December 13, 2010) (File No. 812-13487) ("Exemptive Order").

<sup>6</sup> MFS is a subsidiary of Sun Life of Canada (U.S.) Financial Services Holdings, Inc., which in turn is an indirect majority owned subsidiary of Sun Life Financial Inc. (a diversified financial services organization).

<sup>7</sup> The Commission has previously approved listing and trading on the Exchange of a number of actively managed funds under Rule 8.600. See, e.g., Securities Exchange Act Release Nos. 57801 (May 8, 2008), 73 FR 27878 (May 14, 2008) (SR-NYSEArca-2008-31) (order approving Exchange listing and trading of twelve actively-managed funds of the WisdomTree Trust); 60460 (August 7, 2009), 74 FR 41468 (August 17, 2009) (SR-NYSEArca-2009-55) (order approving listing of Dent Tactical ETF); 62502 (July 15, 2010), 75 FR 42471 (July 21, 2010) (SR-NYSEArca-2010-57) (order approving listing of AdviserShares WCM/BNY Mellon Focused Growth ADR ETF); 63076 (October 12, 2010), 75 FR 63874 (October 18, 2010) (SR-NYSEArca-2010-79) (order approving listing of Cambria Global Tactical ETF).

<sup>8</sup> 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

Continued

8.600 is similar to Commentary .03(a)(i) and (iii) to NYSE Arca Equities Rule 5.2(j)(3); however, Commentary .06 in connection with the establishment of a “fire wall” between the investment adviser and the broker-dealer reflects the applicable open-end fund’s portfolio, not an underlying benchmark index, as is the case with index-based funds. The Adviser and Sub-Adviser are not registered as broker-dealers but are affiliated with one or more broker-dealers and have implemented a “fire wall” with respect to such broker-dealers regarding access to information concerning the composition and/or changes to the Funds’ portfolios. In the event (a) the Adviser or Sub-Adviser becomes a registered broker-dealer or becomes newly affiliated with a broker-dealer, or (b) any new adviser or sub-adviser is a registered broker-dealer or becomes affiliated with a broker-dealer, they will implement a fire wall with respect to their relevant personnel or broker-dealer affiliate regarding access to information concerning the composition and/or changes to a portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio.

#### SPDR MFS Systematic Core Equity ETF

According to the Registration Statement, the SPDR MFS Systematic Core Equity ETF’s investment objective will be to seek capital appreciation. Under normal circumstances,<sup>9</sup> the Fund

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

<sup>9</sup>The term “under normal circumstances” includes, but is not limited to, the absence of extreme volatility or trading halts in the equity 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-

will invest substantially all of its assets in the SSgA MFS Systematic Core Equity Portfolio (the “Core Equity Portfolio”), a separate series of the SSgA Master Trust with an identical investment objective as the Fund. As a result, the Fund will invest indirectly through the Core Equity Portfolio (as described below).<sup>10</sup>

Under normal circumstances, the Adviser or Sub-Adviser, with respect to the Core Equity Portfolio, will invest at least 80% of such Portfolio’s net assets (plus the amount of borrowings for investment purposes) in equity securities. Equity securities in which the Portfolio may invest include common stocks, preferred stocks, securities convertible into stocks, and real estate investment trusts (“REITs”). REITs pool investors’ funds for investment primarily in income producing real estate or real estate loans or interests.

In selecting securities for the Core Equity Portfolio, MFS will utilize a bottom-up approach to buying and selling investments for the Portfolio. Investments are selected based on fundamental and quantitative analysis. MFS uses fundamental analysis of individual issuers and their potential in light of their financial condition, and market, economic, political, and regulatory conditions to identify potential investments. Factors considered may include analysis of an issuer’s earnings, cash flows,

made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance. In the absence of normal circumstances, a Fund may (either directly or through the corresponding Portfolio (as described below) temporarily depart from its normal investment policies and strategies provided that the alternative is consistent with a Fund’s investment objective and is in the best interest of a Fund. For example, a Fund may hold a higher than normal proportion of its assets in cash in times of extreme market stress.

<sup>10</sup> According to the Registration Statement, the Funds are intended to be managed in a “master-feeder” structure, under which each Fund will invest substantially all of its assets in, respectively, the Core Equity Portfolio, and, as described further below, the SSgA MFS Systematic Growth Equity Portfolio or the SSgA MFS Systematic Value Equity Portfolio (each of which is also referred to herein as “Portfolio” and, collectively, the “Portfolios”). Each Portfolio is a “master fund, which is a separate mutual fund that has an identical investment objective to its respective Portfolio. As a result, each Fund (*i.e.*, a “feeder fund”) has an indirect interest in all of the securities owned by the corresponding Portfolio.<sup>10</sup> Because of this indirect interest, each Fund’s investment returns should be the same as those of the corresponding Portfolio, adjusted for the expenses of a Fund. In extraordinary instances, each Fund reserves the right to make direct investments in securities. Each Fund may discontinue investing through the master-feeder arrangement and pursue its investment objectives directly if the Fund’s Board of Trustees determines that doing so would be in the best interests of shareholders.

competitive position, and management ability. MFS then uses quantitative models that systematically evaluate an issuer’s valuation, price and earnings momentum, earnings quality, and other factors to select investments. While the Sub-Adviser may invest the Core Equity Portfolio’s assets in companies of any size, the Sub-Adviser generally will focus on companies with large market capitalizations. In selecting investments for the Core Equity Portfolio, the Sub-Adviser is not constrained to any particular investment style. The Sub-Adviser may invest the Core Equity Portfolio’s assets in the stocks of companies it believes have above average earnings growth potential compared to other companies (growth companies), in the stocks of companies it believes are undervalued compared to their perceived worth (value companies), or in a combination of growth and value companies.

The Adviser or Sub-Adviser may invest in exchange-traded products (“ETPs”).<sup>11</sup> ETPs include exchange-traded funds registered under the 1940 Act; exchange traded commodity trusts; and exchange traded notes (“ETNs”).<sup>12</sup> The Adviser or Sub-Adviser may invest up to 20% of its total assets in one or more ETPs that are qualified publicly traded partnerships (“QPTPs”) and whose principal activities are the buying and selling of commodities or options, futures, or forwards with respect to commodities. Income from QPTPs is generally qualifying income for purposes of Subchapter M of the Internal Revenue Code.<sup>13</sup>

<sup>11</sup> For each of the Portfolios, ETPs include Investment Company Units (as described in NYSE Arca Equities Rule 5.2(j)(3)); Index-Linked Securities (as described in NYSE Arca Equities Rule 5.2(j)(6)); Portfolio Depositary Receipts (as described in NYSE Arca Equities Rule 8.100); Trust Issued Receipts (as described in NYSE Arca Equities Rule 8.200); Commodity-Based Trust Shares (as described in NYSE Arca Equities Rule 8.201); Currency Trust Shares (as described in NYSE Arca Equities Rule 8.202); Commodity Index Trust Shares (as described in NYSE Arca Equities Rule 8.203); Trust Units (as described in NYSE Arca Equities Rule 8.500); Managed Fund Shares (as described in NYSE Arca Equities Rule 8.600), and closed-end funds. The ETPs all will be listed and traded in the U.S. on registered exchanges. While the Funds may invest in inverse ETPs, the Funds will not invest in leveraged or inverse leveraged ETPs (e.g., 2X or 3X).

<sup>12</sup> ETNs are debt obligations of investment banks which are traded on exchanges and the returns of which are linked to the performance of market indexes. In addition to trading ETNs on exchanges, investors may redeem ETNs directly with the issuer on a weekly basis, typically in a minimum amount of 50,000 units, or hold the ETNs until maturity.

<sup>13</sup> 26 U.S.C. 851 *et seq.* Examples of such entities are the PowerShares DB Energy Fund, PowerShares DB Oil Fund, PowerShares DB Precious Metals Fund, PowerShares DB Gold Fund, PowerShares DB Silver Fund, PowerShares DB Base Metals Fund, and PowerShares DB Agriculture Fund, which are

**SPDR MFS Systematic Growth Equity ETF**

According to the Registration Statement, the SPDR MFS Systematic Growth Equity ETF's investment objective will be to seek capital appreciation. Under normal circumstances, the Fund will invest substantially all of its assets in the SSgA MFS Systematic Growth Equity Portfolio (the "Growth Equity Portfolio"), a separate series of the SSgA Master Trust with an identical investment objective as the Fund. As a result, the Fund will invest indirectly through the Growth Equity Portfolio.

Under normal circumstances, the Adviser or Sub-Adviser, with respect to the Growth Equity Portfolio, will invest at least 80% of such Portfolio's net assets (plus the amount of borrowings for investment purposes) in equity securities. Equity securities in which the Growth Equity Portfolio may invest include common stocks, preferred stocks, securities convertible into stocks, and REITs.

In selecting securities for the Growth Equity Portfolio, MFS will utilize a bottom-up approach to buying and selling investments for the Growth Equity Portfolio. Investments are selected based on fundamental and quantitative analysis. MFS uses fundamental analysis of individual issuers and their potential in light of their financial condition, and market, economic, political, and regulatory conditions to identify potential investments. Factors considered may include analysis of an issuer's earnings, cash flows, competitive position, and management ability. MFS then uses quantitative models that systematically evaluate an issuer's valuation, price and earnings momentum, earnings quality, and other factors to select investments. While the Sub-Adviser may invest the Growth Equity Portfolio's assets in companies of any size, the Sub-Adviser generally will focus on companies with large market capitalizations. In selecting investments for the Growth Equity Portfolio, the Sub-Adviser will invest the Growth Equity Portfolio's assets in the stocks of companies it believes have above average earnings growth potential compared to other companies (growth companies).

The Adviser or Sub-Adviser may invest in ETPs.<sup>14</sup> The Adviser or Sub-Adviser may invest up to 20% of the Fund's total assets in one or more ETPs that are QPTPs and whose principal activities are the buying and selling of

commodities or options, futures, or forwards with respect to commodities. Income from QPTPs is generally qualifying income for purposes of Subchapter M of the Internal Revenue Code.<sup>15</sup>

**SPDR MFS Systematic Value Equity ETF**

According to the Registration Statement, the SPDR MFS Systematic Value Equity ETF's investment objective will be to seek capital appreciation. Under normal circumstances, the Fund will invest substantially all of its assets in the SSgA MFS Systematic Value Equity Portfolio (the "Value Equity Portfolio"), a separate series of the SSgA Master Trust with an identical investment objective as the Fund. As a result, the Fund will invest indirectly through the Value Equity Portfolio.

Under normal circumstances, the Adviser or Sub-Adviser, with respect to the Value Equity Portfolio, will invest at least 80% of such Portfolio's net assets (plus the amount of borrowings for investment purposes) in equity securities. Equity securities in which the Value Equity Portfolio may invest include common stocks, preferred stocks, securities convertible into stocks, and REITs.

In selecting securities for the Value Equity Portfolio, MFS will utilize a bottom-up approach to buying and selling investments for the Value Equity Portfolio. Investments are selected based on fundamental and quantitative analysis. MFS uses fundamental analysis of individual issuers and their potential in light of their financial condition, and market, economic, political, and regulatory conditions to identify potential investments. Factors considered may include analysis of an issuer's earnings, cash flows, competitive position, and management ability. MFS then uses quantitative models that systematically evaluate an issuer's valuation, price and earnings momentum, earnings quality, and other factors to select investments. While the Sub-Adviser may invest the Value Equity Portfolio's assets in companies of any size, the Sub-Adviser generally will focus on companies with large market capitalizations. In selecting investments for the Value Equity Portfolio, the Sub-Adviser will invest the Value Equity Portfolio's assets in the stocks of companies it believes are undervalued compared to their perceived worth (value companies).

The Adviser or Sub-Adviser may invest in ETPs.<sup>16</sup> The Adviser or Sub-

Adviser may invest up to 20% of the Fund's total assets in one or more ETPs that are QPTPs and whose principal activities are the buying and selling of commodities or options, futures, or forwards with respect to commodities. Income from QPTPs is generally qualifying income for purposes of Subchapter M of the Internal Revenue Code.<sup>17</sup>

**Other Investments**

While, under normal circumstances, the Adviser or Sub-Adviser, with respect to each Portfolio, will invest at least 80% of such Portfolio's net assets in equity securities, as described above, the Adviser or Sub-Adviser may invest up to 20% of a Portfolio's net assets in other securities and financial instruments, as described below.

A Fund may (indirectly through its investments in the respective Portfolio or, in extraordinary circumstances, directly) invest in the following types of investments. The investment practices of each Portfolio will be the same in all material respects to those of its respective Fund.

Each Portfolio may invest in bonds, including corporate bonds. The investment return of corporate bonds reflects interest on the bond and changes in the market value of the bond.

Each Portfolio may invest in collateralized loan obligations ("CLOs"). A CLO is a financing company (generally called a Special Purpose Vehicle), created to reapportion the risk and return characteristics of a pool of assets. While the assets underlying CLOs are typically "senior loans", the assets may also include (i) unsecured loans, (ii) other debt securities that are rated below investment grade, (iii) debt tranches of other CLOs and (iv) equity securities incidental to investments in senior loans.

Each Portfolio may invest up to 10% of a Portfolio's net assets in high yield debt securities.

The Portfolios may purchase U.S.-listed common stocks and U.S.-listed preferred securities of foreign corporations, as well as U.S. registered, dollar-denominated bonds of foreign corporations, governments, agencies and supra-national entities.

Each Portfolio may purchase investments in common stock of foreign corporations in the form of depositary receipts, including American Depository Receipts ("ADRs"), Global Depository Receipts ("GDRs") and European

listed and traded on the Exchange pursuant to NYSE Arca Equities Rule 8.200.

<sup>14</sup> See note 11, *supra*.

<sup>15</sup> See note 13, *supra*.

<sup>16</sup> See note 11, *supra*.

<sup>17</sup> See note 13, *supra*.

Depository Receipts (“EDRs”) (collectively “Depository Receipts”).<sup>18</sup>

Each Portfolio may invest in sovereign debt. Sovereign debt obligations are issued or guaranteed by foreign governments or their agencies. Sovereign debt may be in the form of conventional securities or other types of debt instruments such as loans or loan participations.

Each Portfolio may invest in U.S. Government obligations. U.S. Government obligations include securities issued or guaranteed as to principal and interest by the U.S. Government, its agencies or instrumentalities.

The Portfolios may invest in variable and floating rate securities. Variable rate securities are instruments issued or guaranteed by entities such as (1) U.S. Government, or an agency or instrumentality thereof, (2) corporations, (3) financial institutions, (4) insurance companies, or (5) trusts that have a rate of interest subject to adjustment at regular intervals but less frequently than annually. A variable rate security provides for the automatic establishment of a new interest rate on set dates. The Portfolios may also purchase floating rate securities. A floating rate security provides for the automatic adjustment of its interest rate whenever a specified interest rate changes. Interest rates on these securities are ordinarily tied to, and are a percentage of, a widely recognized interest rate, such as the yield on 90-day U.S. Treasury bills or the prime rate of a specified bank.

Each Portfolio may invest in Variable Rate Demand Obligations (VRDO). VRDOs are short-term tax exempt fixed

<sup>18</sup> According to the Registration Statement, Depository Receipts are receipts, typically issued by a bank or trust company, which evidence ownership of underlying securities issued by a foreign corporation. For ADRs, the depository is typically a U.S. financial institution and the underlying securities are issued by a foreign issuer. For other Depository Receipts, the depository may be a foreign or a U.S. entity, and the underlying securities may have a foreign or a U.S. issuer. Depository Receipts will not necessarily be denominated in the same currency as their underlying securities. Generally, ADRs, in registered form, are designed for use in the U.S. securities market, and EDRs, in bearer form, are designated for use in European securities markets. GDRs are tradable both in the United States and in Europe and are designed for use throughout the world. A Portfolio may invest in unsponsored ADRs. The issuers of unsponsored ADRs are not obligated to disclose material information in the United States, and, therefore, there may be less information available regarding such issuers and there may not be a correlation between such information and the market value of the Depository Receipts. Not more than 10% of the net assets of a Fund will be invested in unsponsored ADRs.

income instruments whose yield is reset on a periodic basis.<sup>19</sup>

The Portfolios may invest in inflation-protected public obligations, commonly known as “TIPS,” of the U.S. Treasury, as well as TIPS of major governments and emerging market countries, excluding the United States. TIPS are a type of security issued by a government that are designed to provide inflation protection to investors. TIPS are income-generating instruments whose interest and principal payments are adjusted for inflation.

The Portfolios may each invest in U.S. agency mortgage pass-through securities. As described in the Registration Statement, the term “U.S. agency mortgage pass-through security” refers to a category of pass-through securities backed by pools of mortgages and issued by one of several U.S. Government-sponsored enterprises: Government National Mortgage Association (“Ginnie Mae”), Federal National Mortgage Association (“Fannie Mae”) or Federal Home Loan Mortgage Corporation (“Freddie Mac”).

The Portfolios will seek to obtain exposure to U.S. agency mortgage pass-through securities primarily through the use of “to-be-announced” or “TBA transactions.” “TBA” refers to a commonly used mechanism for the forward settlement of U.S. agency mortgage pass-through securities, and not to a separate type of mortgage-backed security. Most transactions in mortgage pass-through securities occur through the use of TBA transactions. TBA transactions generally are conducted in accordance with widely-accepted guidelines which establish commonly observed terms and conditions for execution, settlement and delivery. In a TBA transaction, the buyer and seller decide on general trade parameters, such as agency, settlement date, par amount, and price.<sup>20</sup>

The Portfolios may invest up to 15% of net assets in asset-backed and

<sup>19</sup> According to the Registration Statement, VRDO securities tend to be issued with long maturities of up to 30 or 40 years; however, they are considered short-term instruments because they include a put feature which coincides with the periodic yield reset. For example, a VRDO whose yield resets weekly will have a put feature that is exercisable upon seven days’ notice. VRDOs are put back to a bank or other entity that serves as a liquidity provider, who then tries to resell the VRDOs or, if unable to resell, holds them in its own inventory. VRDOs are generally supported by either a “Letter of Credit” or a “Stand-by Bond Purchase Agreement” to provide credit enhancement.

<sup>20</sup> According to the Registration Statement, to minimize the risk of default by a counterparty, a Portfolio will enter into TBA transactions only with established counterparties (such as major broker-dealers) and the Adviser will monitor the creditworthiness of such counterparties.

commercial mortgaged-backed securities. Asset-backed securities are securities backed by installment contracts, credit-card receivables or other assets. Commercial mortgage-backed securities are securities backed by commercial real estate properties. Both asset-backed and commercial mortgage-backed securities represent interests in “pools” of assets in which payments of both interest and principal on the securities are made on a regular basis. The payments are, in effect, “passed through” to the holder of the securities (net of any fees paid to the issuer or guarantor of the securities).

Each Portfolio may invest in restricted securities. Restricted securities are securities that are not registered under the Securities Act, but which can be offered and sold to “qualified institutional buyers” under Rule 144A under the Securities Act.<sup>21</sup> According to the Registration Statement, when Rule 144A restricted securities present an attractive investment opportunity and meet other selection criteria, a Portfolio may make such investments whether or not such securities are “illiquid” depending on the market that exists for the particular security. The Board has delegated the responsibility for determining the liquidity of Rule 144A restricted securities that a Portfolio may invest in to the Adviser.<sup>22</sup>

The Portfolios may conduct foreign currency transactions on a spot (*i.e.*, cash) or forward basis (*i.e.*, by entering into forward contracts to purchase or sell foreign currencies). At the discretion of the Adviser, the Portfolios may enter into forward currency exchange contracts for hedging purposes to help reduce the risks and volatility caused by changes in foreign currency exchange rates, or to gain exposure to certain currencies.

Each Portfolio may invest a portion of its assets in Build America Bonds.<sup>23</sup>

Each Portfolio may invest in repurchase agreements with commercial banks, brokers or dealers to generate income from its excess cash balances and to invest securities lending cash collateral. A repurchase agreement is an

<sup>21</sup> 15 U.S.C. 77a.

<sup>22</sup> See note 28, *infra*.

<sup>23</sup> According to the Registration Statement, Build America Bonds offer an alternative form of financing to state and local governments whose primary means for accessing the capital markets has historically been through the issuance of tax-free municipal bonds. Issuance of Build America Bonds ceased on December 31, 2010. The Build America Bonds outstanding continue to be eligible for the federal interest rate subsidy, which continues for the life of the Build America Bonds; however, no bonds issued following expiration of the Build America Bond program are eligible for the federal tax subsidy.

agreement under which a fund acquires a financial instrument (e.g., a security issued by the U.S. Government or an agency thereof, a banker's acceptance or a certificate of deposit) from a seller, subject to resale to the seller at an agreed upon price and date (normally, the next Business Day—as defined below). A repurchase agreement may be considered a loan collateralized by securities. The resale price reflects an agreed upon interest rate effective for the period the instrument is held by a fund and is unrelated to the interest rate on the underlying instrument.

Each Portfolio may enter into reverse repurchase agreements, which involve the sale of securities with an agreement to repurchase the securities at an agreed-upon price, date and interest payment and have the characteristics of borrowing. The securities purchased with the funds obtained from the agreement and securities collateralizing the agreement will have maturity dates no later than the repayment date.

Each Portfolio may invest in commercial paper. Commercial paper consists of short-term, promissory notes issued by banks, corporations and other entities to finance short-term credit needs. These securities generally are discounted but sometimes may be interest bearing.

In addition to repurchase agreements, each Portfolio may invest in short-term instruments, including money market instruments, (including money market funds advised by the Adviser), cash and cash equivalents, on an ongoing basis to provide liquidity or for other reasons.<sup>24</sup>

Each Portfolio may invest in the securities of other investment companies, including affiliated funds,

<sup>24</sup> According to the Registration Statement, money market instruments are generally short-term investments that may include but are not limited to: (i) Shares of money market funds (including those advised by the Adviser); (ii) obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities (including government-sponsored enterprises); (iii) negotiable certificates of deposit ("CDs"), bankers' acceptances, fixed time deposits and other obligations of U.S. and foreign banks (including foreign branches) and similar institutions; (iv) commercial paper rated at the date of purchase "Prime-1" by Moody's Investor's Service or "A-1" by Standard & Poor's, or if unrated, of comparable quality as determined by the Adviser; (v) non-convertible corporate debt securities (e.g., bonds and debentures) with remaining maturities at the date of purchase of not more than 397 days and that satisfy the rating requirements set forth in Rule 2a-7 under the 1940 Act; and (vi) short-term U.S. dollar-denominated obligations of foreign banks (including U.S. branches) that, in the opinion of the Adviser, are of comparable quality to obligations of U.S. banks which may be purchased by a Portfolio. Commercial paper consists of short-term, promissory notes issued by banks, corporations and other entities to finance short-term credit needs. Any of these instruments may be purchased on a current or a forward-settled basis.

money market funds and closed-end funds, subject to applicable limitations under Section 12(d)(1) of the 1940 Act. Each Fund will invest substantially all of its assets in the corresponding Portfolio.

#### Other Fund Restrictions

According to the Registration Statement, each Portfolio will be classified as "diversified."<sup>25</sup> The Portfolios do not intend to concentrate their investments in any particular industry.<sup>26</sup> The Portfolios intend to qualify for and to elect treatment as a separate regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code.<sup>27</sup>

Each Portfolio may hold up to an aggregate amount of 15% of its net assets in illiquid securities (calculated at the time of investment), including Rule 144A securities deemed illiquid by the Adviser or Sub-Adviser, consistent with Commission guidance.<sup>28</sup> The Portfolios will monitor their respective portfolio liquidity on an ongoing basis to determine whether, in light of current circumstances, an adequate level of liquidity is being maintained, and will consider taking appropriate steps in order to maintain adequate liquidity if, through a change in values, net assets, or other circumstances, more than 15% of a Fund's net assets are held in illiquid securities. Illiquid securities include securities subject to contractual or other restrictions on resale and other instruments that lack readily available markets as determined in accordance with Commission staff guidance.<sup>29</sup>

<sup>25</sup> The diversification standard is set forth in Section 5(b)(1) of the 1940 Act (15 U.S.C. 80a-5(b)(1)).

<sup>26</sup> See Form N-1A, Item 9. The Commission has taken the position that a fund is concentrated if it invests more than 25% of the value of its total assets in any one industry. See, e.g., Investment Company Act Release No. 9011 (October 30, 1975), 40 FR 54241 (November 21, 1975).

<sup>27</sup> 26 U.S.C. 851 *et seq.*

<sup>28</sup> In reaching liquidity decisions, the Adviser or Sub-Adviser may consider the following factors: The frequency of trades and quotes for the security; the number of dealers wishing to purchase or sell the security and the number of other potential purchasers; dealer undertakings to make a market in the security; and the nature of the security and the nature of the marketplace trades (e.g., the time needed to dispose of the security, the method of soliciting offers, and the mechanics of transfer).

<sup>29</sup> The Commission has stated that long-standing Commission guidelines have required open-end funds to hold no more than 15% of their net assets in illiquid securities and other illiquid assets. See Investment Company Act Release No. 28193 (March 11, 2008), 73 FR 14618 (March 18, 2008), footnote 34. See also, Investment Company Act Release No. 5847 (October 21, 1969), 35 FR 19989 (December 31, 1970) (Statement Regarding "Restricted Securities"); Investment Company Act Release No. 18612 (March 12, 1992), 57 FR 9828 (March 20, 1992) (Revisions of Guidelines to Form N-1A). A fund's portfolio security is illiquid if it cannot be

Neither the Funds nor the Portfolios will invest in options contracts, futures contracts, or swap agreements.

With the exception of unsponsored ADRs, which will comprise no more than 10% of a Fund's net assets, all equity securities in which the Funds may invest will trade on markets that are members of the Intermarket Surveillance Group ("ISG") or that have entered into a comprehensive surveillance agreement with the Exchange.<sup>30</sup>

Each Fund's investments will be consistent with its respective investment objective and will not be used to enhance leverage.

#### Net Asset Value

According to the Registration Statement, each Fund will calculate net asset value ("NAV") using the NAV of the respective Portfolio. NAV per Share for each Portfolio will be computed by dividing the value of the net assets of the Portfolio (i.e., the value of its total assets less total liabilities) by the total number of Shares outstanding, rounded to the nearest cent. Expenses and fees, including the management fees, will be accrued daily and taken into account for purposes of determining NAV. The NAV of a Portfolio will be calculated by the Custodian and determined at the close of the regular trading session on the New York Stock Exchange ("NYSE") (ordinarily 4:00 p.m. Eastern time ("E.T.")) on each day that such exchange is open, provided that fixed-income assets (and, accordingly, a Portfolio's NAV) may be valued as of the announced closing time for trading in fixed-income instruments on any day that the Securities Industry and Financial Markets Association ("SIFMA") (or applicable exchange or market on which a Portfolio's investments are traded) announces an early closing time. Creation/redemption order cut-off times may also be earlier on such days.

According to the Adviser, each Portfolio's investments will be valued at market value or, in the absence of market value with respect to any investment, at fair value in accordance with valuation procedures adopted by the Board of Trustees of the Trust ("Board") and in accordance with the 1940 Act. Common stocks and equity

disposed of in the ordinary course of business within seven days at approximately the value ascribed to it by the fund. See Investment Company Act Release No. 14983 (March 12, 1986), 51 FR 9773 (March 21, 1986) (adopting amendments to Rule 2a-7 under the 1940 Act); Investment Company Act Release No. 17452 (April 23, 1990), 55 FR 17933 (April 30, 1990) (adopting Rule 144A under the 1933 Act).

<sup>30</sup> See note 39, *infra*.

securities (including shares of ETFs) traded on a national securities exchange will be valued at the last reported sale price or the official closing price on that exchange where the stock is primarily traded on the day that the valuation is made. Portfolio securities traded in the over-the-counter market will be valued at the last reported sale price on the valuation date. Foreign equities and listed ADRs will be valued at the last sale or official closing price on the relevant exchange on the valuation date. If, however, neither the last sales price nor the official closing price is available, each of these securities will be valued at either the last reported sale price or official closing price as of the close of regular trading of the principal market on which the security is listed consistent with the respective primary benchmark.

According to the Adviser, fixed income securities, including municipal bonds, mortgage-backed securities, treasuries, corporate bonds, and foreign bonds will generally be valued at bid prices received from independent pricing services as of the announced closing time for trading in fixed-income instruments in the respective market or exchange. In determining the value of a fixed income investment, pricing services determine valuations for normal institutional-size trading units of such securities using valuation models or matrix pricing, which incorporates yield and/or price with respect to bonds that are considered comparable in characteristics such as rating, interest rate and maturity date and quotations from securities dealers to determine current value. Short-term investments that mature in less than 60 days when purchased will be valued at cost adjusted for amortization of premiums and accretion of discounts.

Any assets or liabilities denominated in currencies other than the U.S. dollar are converted into U.S. dollars at the current market rates on the date of valuation as quoted by one or more sources.

If a security's market price is not readily available or does not otherwise accurately reflect the fair value of the security, the security will be valued by another method that the Board believes will better reflect fair value in accordance with the Trust's valuation policies and procedures. The Board has delegated the process of valuing securities for which market quotations are not readily available or do not otherwise accurately reflect the fair value of the security to the Pricing and Investment Committee (the

“Committee”).<sup>31</sup> The Committee, subject to oversight by the Board, may use fair value pricing in a variety of circumstances, including but not limited to, situations when trading in a security has been suspended or halted. Accordingly, a Portfolio's net asset value may reflect certain securities' fair values rather than their market prices. Fair value pricing involves subjective judgments and it is possible that the fair value determination for a security is materially different than the value that could be received on the sale of the security.

The pre-established pricing methods and valuation policies and procedures outlined above may change, subject to the review and approval of the Committee and Board, as necessary.

#### Creation and Redemption of Shares

According to the Registration Statement, each Fund will offer and issue Shares only in aggregations of a specified number of Shares (each, a “Creation Unit”). Creation Unit sizes will be 50,000 Shares per Creation Unit. The Creation Unit size for a Fund may change. Each Fund will issue and redeem Shares only in Creation Units at the NAV next determined after receipt of an order on a continuous basis on a “Business Day”. A Business Day with respect to a Fund will be, generally, any day on which the NYSE is open for business. The NAV of a Fund will be determined once each Business Day, normally as of the close of trading on the NYSE (normally, 4:00 p.m. E.T.). An order to purchase or redeem Creation Units will be deemed to be received on the Business Day on which the order is placed provided that the order is placed in proper form prior to the applicable cut-off time (typically required by 2:00 p.m. E.T.).

The consideration for purchase of a Creation Unit of a Fund will generally consist of the in-kind deposit of a designated portfolio of securities (the “Deposit Securities”) per each Creation Unit and a specified cash payment (the “Cash Component”). However, consideration may consist of the cash value of the Deposit Securities (“Deposit Cash”) and the Cash Component.

Together, the Deposit Securities or Deposit Cash, as applicable, and the Cash Component will constitute the “Fund Deposit,” which represents the minimum initial and subsequent investment amount for a Creation Unit of any Fund. The “Cash Component” is

an amount equal to the difference between the NAV of the Shares (per Creation Unit) and the market value of the Deposit Securities or Deposit Cash, as applicable. The Cash Component will serve the function of compensating for any differences between the NAV per Creation Unit and the market value of the Deposit Securities or Deposit Cash, as applicable.

The Custodian, through the National Securities Clearing Corporation (“NSCC”), will make available on each Business Day, immediately prior to the opening of business on the Exchange (currently 9:30 a.m. E.T.), the list of the names and the required number of shares of each Deposit Security or the required amount of Deposit Cash, as applicable, to be included in the current Fund Deposit (based on information at the end of the previous Business Day) for a Fund.

The Trust reserves the right to permit or require the substitution of an amount of cash (*i.e.*, a “cash in lieu” amount) to be added to the Cash Component to replace any Deposit Security, as described in the Registration Statement.

Shares may be redeemed only in Creation Units at their NAV next determined after receipt of a redemption request in proper form by a Fund through the Transfer Agent and only on a Business Day.

With respect to each Fund, the Custodian, through the NSCC, will make available immediately prior to the opening of business on the Exchange (currently 9:30 a.m. E.T.) on each Business Day, the list of the names and share quantities of each Fund's portfolio securities that will be applicable (subject to possible amendment or correction) to redemption requests received in proper form on that day (“Fund Securities”).

Redemption proceeds for a Creation Unit typically will be paid in-kind; however, such proceeds may be paid in cash or a combination of in-kind and cash, as determined by the Trust. With respect to in-kind redemptions of a Fund, redemption proceeds for a Creation Unit will consist of Fund Securities—as announced by the Custodian on the Business Day of the request for redemption received in proper form plus cash in an amount equal to the difference between the NAV of the Shares being redeemed, as next determined after a receipt of a request in proper form, and the value of the Fund Securities (the “Cash Redemption Amount”), less a fixed redemption transaction fee and any applicable additional variable charge. All persons redeeming Shares during a Business Day will be treated in the same manner with

<sup>31</sup> The Pricing and Investment Committee has implemented procedures designed to prevent the use and dissemination of material, non-public information regarding the Portfolios and the Funds.

respect to payment of proceeds in-kind, in cash, or in a combination thereof.

The Trust may, in its discretion, exercise its option to redeem Shares in cash, and the redeeming Shareholders will be required to receive its redemption proceeds in cash, as described in the Registration Statement. The investor will receive a cash payment equal to the NAV of its Shares based on the NAV of Shares of the relevant Fund next determined after the redemption request is received in proper form.

#### Availability of Information

The Funds' Web site ([www.spdrs.com](http://www.spdrs.com)), which will be publicly available prior to the public offering of Shares, will include a form of the prospectus for the Funds that may be downloaded. The Funds' Web site will include additional quantitative information updated on a daily basis, including, for the Funds, (1) daily trading volume, the prior business day's reported closing price, NAV and mid-point of the bid/ask spread at the time of calculation of such NAV (the "Bid/Ask Price"),<sup>32</sup> and a calculation of the premium and discount of the Bid/Ask Price against the NAV, and (2) data in chart format displaying the frequency distribution of discounts and premiums of the daily Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters. On each business day, before commencement of trading in Shares in the Core Trading Session on the Exchange, the Funds will disclose on their Web site the Disclosed Portfolio as defined in NYSE Arca Equities Rule 8.600(c)(2) that will form the basis for the Funds' calculation of NAV at the end of the business day.<sup>33</sup>

On a daily basis, the Adviser will disclose for each portfolio security and other financial instrument of the Funds and of the Portfolios the following information on the Funds' Web site: Ticker symbol (if applicable), name of security and financial instrument, number of shares (if applicable) and dollar value of financial instruments held in the portfolio, and percentage weighting of the security and financial

<sup>32</sup> The Bid/Ask Price of the Funds 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 Funds' NAV. The records relating to Bid/Ask Prices will be retained by the Funds and their service providers.

<sup>33</sup> Under accounting procedures followed by the Funds, trades made on the prior business day ("T") will be booked and reflected in NAV on the current business day ("T+1"). Accordingly, the Funds will be able to disclose at the beginning of the business day the portfolio that will form the basis for the NAV calculation at the end of the business day.

instrument in the portfolio. The Web site information will be publicly available at no charge.

In addition, a basket composition file, which includes the security names and share quantities required to be delivered in exchange for a Fund's Shares, together with estimated and cash component, will be publicly disseminated daily prior to the opening of the NYSE via NSCC. The basket represents one Creation Unit of each Fund.

Investors can also obtain the Trust's Statement of Additional Information ("SAI"), the Funds' Shareholder Reports, and the Trust's Form N-CSR and Form N-SAR, filed twice a year. The Trust's SAI and Shareholder Reports are available free upon request from the Trust, and those documents and the Form N-CSR and Form N-SAR may be viewed on-screen or downloaded from the Commission's Web site at [www.sec.gov](http://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, for the ETPs, will be available from the national securities exchange on which they are listed.

Every fifteen seconds during NYSE Arca Core Trading Session, an indicative optimized portfolio value ("IOPV") relating to each Fund will be disseminated by one or more major market data vendors.<sup>34</sup> The IOPV is the Portfolio Indicative Value as defined in NYSE Arca Equities Rule 8.600(c)(3).<sup>35</sup> The IOPV is based on a pro-rata slice of a Portfolio's holdings, all of which will be included in each respective IOPV. The dissemination of the Portfolio Indicative Value, together with the Disclosed Portfolio, will allow investors

<sup>34</sup> The IOPV calculations are estimates of the value of the Funds' NAV per Share using market data converted into U.S. dollars at the current currency rates. The IOPV price is based on quotes and closing prices from the securities' local market and may not reflect events that occur subsequent to the local market's close. Premiums and discounts between the IOPV and the market price may occur. This should not be viewed as a "real-time" update of the NAV per Share of the Funds, which is calculated only once a day.

<sup>35</sup> Currently, it is the Exchange's understanding that several major market data vendors display and/or make widely available IOPVs taken from CTA or other data feeds.

to determine the value of the underlying portfolio of the Funds and of the Portfolios on a daily basis and to provide a close estimate of that value throughout the trading day. The intra-day, closing and settlement prices of the Portfolio securities are also readily available from the exchanges trading such securities, automated quotation systems, published or other public sources, or on-line information services such as Bloomberg or Reuters.

Additional information regarding the Trust and the Shares, including investment strategies, risks, creation and redemption procedures, fees, portfolio holdings disclosure policies, distributions and taxes is included in the Registration Statement. All terms relating to the Funds that are referred to, but not defined in, this proposed rule change are defined in the Registration Statement.

#### 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 Funds.<sup>36</sup> Trading in Shares of the Funds will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 have been reached. Trading also may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) The extent to which trading is not occurring in the securities and/or the financial instruments comprising the Disclosed Portfolio of the Funds; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. Trading in the Shares will be subject to NYSE Arca Equities Rule 8.600(d)(2)(D), which sets forth circumstances under which Shares of a Fund may be halted.

#### Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. Shares will trade on the NYSE Arca Marketplace from 4:00 a.m. to 8:00 p.m. E.T. in accordance with NYSE Arca Equities Rule 7.34 (Opening, Core, and Late Trading Sessions). The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in NYSE Arca Equities Rule 7.6, Commentary .03, the minimum price variation ("MPV") for quoting and entry of orders in equity

<sup>36</sup> See NYSE Arca Equities Rule 7.12.

securities traded on the NYSE Arca Marketplace is \$0.01, with the exception of securities that are priced less than \$1.00 for which the MPV for order entry is \$0.0001.

The Shares of each Fund will conform to the initial and continued listing criteria under NYSE Arca Equities Rule 8.600. The Exchange represents that, for initial and/or continued listing, the Funds will be in compliance with Rule 10A-3<sup>37</sup> under the Act, as provided by NYSE Arca Equities Rule 5.3. A minimum of 100,000 Shares for each Fund will be outstanding at the commencement of trading on the Exchange. The Exchange will obtain a representation from the issuer of the Shares that the NAV per Share will be calculated daily and that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time.

#### Surveillance

The Exchange represents that trading in the Shares will be subject to the existing trading surveillances, administered by the Financial Industry Regulatory Authority (“FINRA”) on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws.<sup>38</sup> The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws.

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

FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares and exchange-traded securities underlying the Shares with other markets and other entities that are members of the ISG, and FINRA, on behalf of the Exchange, may obtain trading information regarding trading in the Shares and exchange-traded securities underlying the Shares from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the

Shares and exchange-traded securities underlying 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.<sup>39</sup>

With the exception of unsponsored ADRs, which will comprise no more than 10% of a Fund’s net assets, all equity securities that the Fund may invest in will trade on markets that are members of ISG or that have entered into a comprehensive surveillance agreement with the Exchange.

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

#### Information Bulletin

Prior to the commencement of trading, the Exchange will inform its Equity Trading Permit (“ETP”) Holders in an Information Bulletin (“Bulletin”) of the special characteristics and risks associated with trading the Shares. Specifically, the Bulletin will discuss the following: (1) The procedures for purchases and redemptions of Shares in Creation Units (and that Shares are not individually redeemable); (2) NYSE Arca Equities Rule 9.2(a), which imposes a duty of due diligence on its ETP Holders to learn the essential facts relating to every customer prior to trading the Shares; (3) the risks involved in trading the Shares during the Opening and Late Trading Sessions when an updated Portfolio Indicative Value will not be calculated or publicly disseminated; (4) how information regarding the Portfolio Indicative Value is disseminated; (5) the requirement that ETP Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (6) trading information.

In addition, the Bulletin will reference that the Funds are 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)<sup>40</sup> that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Equities Rule 8.600. The Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws. The Adviser and Sub-Adviser have implemented a “fire wall” with respect to its respective affiliated broker-dealer regarding access to information concerning the composition and/or changes to the Funds’ portfolios. In addition, the Trust’s Pricing and Investment Committee has implemented procedures designed to prevent the use and dissemination of material, non-public information regarding the Portfolios and the Funds. FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares and exchange-traded securities underlying the Shares with other markets and other entities that are members of the ISG, and FINRA, on behalf of the Exchange, may obtain trading information regarding trading in the Shares and exchange-traded securities underlying the Shares from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares and exchange-traded securities underlying 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. With the exception of unsponsored ADRs, which will comprise no more than 10% of the Fund’s net assets, all equity securities that the Fund may invest in will trade on markets that are members of ISG or that have entered into a comprehensive surveillance agreement with the Exchange. The Portfolios may invest up to 15% of net assets in asset-backed and commercial mortgaged-backed securities, as described above. The Portfolios will invest only in equity securities that trade in markets that are members of the ISG or are parties to a

<sup>37</sup> 17 CFR 240.10A-3.

<sup>38</sup> FINRA surveils trading on the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA’s performance under this regulatory services agreement.

<sup>39</sup> For a list of the current members of ISG, see [www.isgportal.org](http://www.isgportal.org). The Exchange notes that not all components of the Disclosed Portfolio for the Funds may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

<sup>40</sup> 15 U.S.C. 78f(b)(5).

comprehensive surveillance sharing agreement with the Exchange. While the Funds may invest in inverse ETPs, the Funds will not invest in leveraged or inverse leveraged ETPs (e.g., 2X or 3X). Neither the Funds nor the Portfolios will invest in options contracts, futures contracts, or swap agreements.

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 Funds and the Shares, thereby promoting market transparency. The Funds' portfolio holdings will be disclosed on their Web site daily after the close of trading on the Exchange and prior to the opening of trading on the Exchange the following day. Moreover, the IOPV will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Exchange's Core Trading Session. On each business day, before commencement of trading in Shares in the Core Trading Session on the Exchange, the Funds will disclose on their Web site the Disclosed Portfolio that will form the basis for the Funds' calculation of NAV at the end of the business day. Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services, and quotation and last sale information will be available via the CTA high-speed line. The Web site for the Funds will include a form of the prospectus for the Funds and additional data relating to NAV and other applicable quantitative information. Moreover, prior to the commencement of trading, the Exchange will inform its ETP Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. Trading in Shares of the Funds will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable, and trading in the Shares will be subject to NYSE Arca Equities Rule 8.600(d)(2)(D), which sets forth circumstances under which Shares of the Funds may be halted. In addition, as noted above, investors will have ready

access to information regarding the Funds' 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 additional types of actively-managed exchange-traded products 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 Funds' holdings, the IOPV, the Disclosed Portfolio, and quotation and last sale information for the Shares.

#### *B. Self-Regulatory Organization's Statement on Burden on Competition*

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Act. The Exchange notes that the proposed rule change will facilitate the listing and trading of additional types of actively-managed exchange-traded products that, under normal circumstances, will invest principally in equity securities and that will enhance competition with respect to such products among market participants, to the benefit of investors and the marketplace.

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

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

### **III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

Within 45 days of the date of publication of this notice in the **Federal Register** or 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 the proposed rule change, or

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

### **IV. Solicitation of Comments**

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

#### *Electronic Comments*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to *rule-comments@sec.gov*. Please include File No. SR-NYSEARCA-2013-105 on the subject line.

#### *Paper Comments*

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File No. SR-NYSEARCA-2013-105. 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 Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference 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; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File No. SR-NYSEArca-2013-105 and should be submitted on or before November 21, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>41</sup>

**Kevin M. O'Neill,**  
Deputy Secretary.

[FR Doc. 2013-25827 Filed 10-30-13; 8:45 am]

BILLING CODE 8011-01-P

## SMALL BUSINESS ADMINISTRATION

### Military Reservist Economic Injury Disaster Loans Interest Rate for First Quarter FY 2014

In accordance with the Code of Federal Regulations 13—Business Credit and Assistance § 123.512, the following interest rate is effective for Military Reservist Economic Injury Disaster Loans approved on or after October 18, 2013.

Military Reservist Loan Program:  
4.000%

Dated: October 21, 2013.

**James E. Rivera,**  
Associate Administrator for Disaster Assistance.

[FR Doc. 2013-25455 Filed 10-30-13; 8:45 am]

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## TENNESSEE VALLEY AUTHORITY

### Supplemental Environmental Impact Statement—Integrated Resource Plan

**AGENCY:** Tennessee Valley Authority.

**ACTION:** Notice of Intent.

**SUMMARY:** The Tennessee Valley Authority (TVA) is conducting a study of its energy resources in order to update and replace the integrated Resource Plan (IRP) and the associated Environmental Impact Statement (EIS) that it completed in 2011. The IRP is a comprehensive study of how TVA will meet the demand for electricity in its service territory over the next 20 years. The 2011 IRP is being updated in response to major changes in electrical utility industry trends since 2011. As part of the study, TVA intends to prepare a programmatic Supplemental EIS to assess the impacts associated with the implementation of the updated IRP. TVA will use the EIS process to elicit and prioritize the values and concerns of stakeholders; identify issues, trends, events, and tradeoffs affecting TVA's policies; formulate, evaluate and compare alternative portfolios of energy resource options; provide opportunities for public review and comment; and ensure that TVA's evaluation of alternative energy resource

strategies reflects a full range of stakeholder input. Public comment is invited concerning both the scope of the Supplemental EIS and environmental issues that should be addressed as a part of this Supplemental EIS.

**DATES:** Comments on the scope of the EIS must be received on or before November 22, 2013. To facilitate the scoping process, TVA will hold public scoping meetings; see <http://www.tva.gov/irp> for more information on the meetings.

**ADDRESSES:** Written comments should be sent to Charles P. Nicholson, Tennessee Valley Authority, 400 West Summit Hill Drive, WT 11D, Knoxville, Tennessee 37902. Comments also may be submitted on the project Web site at <http://www.tva.gov/irp>, or by email at [IRP@tva.gov](mailto:IRP@tva.gov).

**FOR FURTHER INFORMATION CONTACT:** For general information on the NEPA process, contact Mr. Nicholson at the address above, by email at [cpnicholson@tva.gov](mailto:cpnicholson@tva.gov), or by phone at 865-632-3582. For general information on the IRP process, contact Gary Brinkworth, Tennessee Valley Authority, 1101 Market Street, MR 3K-C, Chattanooga, Tennessee 37401, or email at [gbsbrinkworth@tva.gov](mailto:gbsbrinkworth@tva.gov).

**SUPPLEMENTARY INFORMATION:** This notice is provided in accordance with the Council on Environmental Quality's Regulations (40 CFR parts 1500 to 1508) and TVA's procedures for implementing the National Environmental Policy Act (NEPA).

TVA is an agency and instrumentality of the United States, established by an act of Congress in 1933, to foster the social and economic welfare of the people of the Tennessee Valley region and to promote the proper use and conservation of the region's natural resources. One component of this mission is the generation, transmission, and sale of reliable and affordable electric energy.

#### TVA Power System

TVA operates the nation's largest public power system, producing 4 percent of all the electricity in the nation. TVA provides electricity to most of Tennessee and parts of Virginia, North Carolina, Georgia, Alabama, Mississippi, and Kentucky. It serves about 9 million people in this seven-state region through 155 power distributors and 57 directly served large industries and federal facilities. The TVA Act requires the TVA power system to be self-supporting and operated on a nonprofit basis and directs TVA to sell power at rates as low as are feasible.

Dependable net summer capacity on the TVA power system is approximately 36,580 megawatts. TVA generates most of the power it distributes with 3 nuclear plants, 10 coal-fired plants, 9 simple-cycle combustion turbine plants, 5 combined-cycle combustion turbine plants, 29 hydroelectric dams, a pumped-storage facility, a methane-gas cofiring facility, a diesel-fired facility, and several small solar photovoltaic facilities. A portion of delivered power is provided through long-term power purchase agreements. About 41 percent of TVA's recent annual generation is from coal; 38 percent is from nuclear; 12 percent from natural gas; and the remainder is from hydro and other renewable energy resources. TVA transmits electricity from these facilities over 16,000 circuit miles of transmission lines. Like other utility systems, TVA has power interchange agreements with utilities surrounding its region and purchases and sells power on an economy basis almost daily.

#### Resource Planning Activities

In April 2011, TVA completed the *Integrated Resource Plan—TVA's Environmental and Energy Future* and associated Final EIS. These documents, developed with extensive public involvement, evaluated six alternative energy resource strategies which differed in the amount of purchased power, energy efficiency and demand response efforts, renewable energy resources, nuclear generating capacity additions, and coal-fired generation. The alternative strategies were analyzed in the context of eight different scenarios which described plausible future economic, financial, regulatory and legislated conditions, as well as social trends and adoption of technological innovations. Potential 20-year energy resource plans or portfolios were developed for each combination of strategy and scenario using a capacity planning model. The portfolios were ranked by several metrics including revenue requirements, short-term system average rates, financial risk, carbon dioxide emissions, thermal cooling requirements, waste handling costs, and changes in total employment and personal income. The strategy selected to guide planning activities, Strategy R—Recommended Planning Direction, consisted of a range of additions by resource type that reflected an optimized mix of diversified energy resources that would be added to the TVA power system under a variety of plausible futures. This strategy will be the baseline for the evaluations conducted as part of this new IRP and EIS process.

<sup>41</sup> 17 CFR 200.30-3(a)(12).