III. Date of Effectiveness of the Proposed Rule Change, Security-Based Swap Submission and Advance Notice 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.

The proposal shall not take effect until all regulatory actions required with respect to the proposal are completed.

IV. Solicitation of Comments

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

Electronic Comments

- Use the Commission's internet comment form (*http://www.sec.gov/rules/sro.shtml*) or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–ICEEU–2017–017 on the subject line.

Paper Comments

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to File Number SR–ICEEU–2017–017. 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, security-based swap submission or advance notice that are filed with the Commission, and all written communications relating to the proposed rule change, security-based swap submission or advance notice 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 Section, 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 filings will also be available for inspection and copying at the principal office of ICE Clear Europe and on ICE Clear Europe's website at *https://www.theice.com/notices/Notices.shtml?regulatoryFilings*.

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–ICEEU–2017–017 and should be submitted on or before February 9, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[12]

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018–00854 Filed 1–18–18; 8:45 am]

BILLING CODE 8011–01–P

[12] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–82492; File No. SR–NYSEArca–2017–87]

Self-Regulatory Organizations; NYSE Arca, Inc.; Order Granting Approval of a Proposed Rule Change, as Modified by Amendment No. 6, To List and Trade Shares of the JPMorgan Long/Short ETF Under NYSE Arca Rule 8.600–E

January 12, 2018.

I. Introduction

On September 26, 2017, NYSE Arca, Inc. (''Exchange'' or ''NYSE Arca'') filed with the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4 thereunder,[2] a proposed rule change to list and trade shares (''Shares'') of the JPMorgan Long/Short ETF (''Fund'') under NYSE Arca Rule 8.600–E. The proposed rule change was published for comment in the **Federal Register** on October 16, 2017.[3] On November 17, 2017, the Exchange filed Amendment No. 1 to the proposed rule change, and on November 27, 2017, the Exchange filed Amendment No. 2 to the proposed rule change. On November 29, 2017, pursuant to Section 19(b)(2) of the Act,[4] the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.[5] On December 4, 2017, the Exchange filed Amendment No. 3 to the proposed rule change. On December 6, 2017, the Exchange filed Amendment No. 4 to the proposed rule change. On December 26, 2017, the Exchange filed Amendment No. 5 to the proposed rule change. On January 3, 2018, the Exchange filed Amendment No. 6 to the proposed rule change.[6] The Commission has received no comments on the proposed rule change. This order approves the proposed rule change, as modified by Amendment No. 6.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 81842 (October 10, 2017), 82 FR 48127.

[4] 15 U.S.C. 78s(b)(2).

[5] *See* Securities Exchange Act Release No. 82176, 82 FR 57497 (December 5, 2017). The Commission designated January 14, 2018, as the date by which it shall approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.

[6] In Amendment No. 6, which amended and superseded the proposed rule change as modified by Amendment Nos. 1, 2, 3, 4 and 5, the Exchange: (1) Changed the name of the Fund; (2) represented that the Trust will file an amendment to the Registration Statement (as defined herein) as necessary to conform to the representations in the filing; (3) clarified the definitions of certain return factors the Adviser (as defined herein) may utilize as part of the Fund's investment strategy; (4) moved cash and cash equivalents from the ''other investments'' category to the ''principal investments'' category; (5) provided that the Fund may purchase and sell foreign exchange-traded futures on foreign equities and foreign stock indexes and foreign exchange-traded options on foreign equity futures as part of its principal investments; (6) clarified that no more than 10% of the equity weight of the Fund's portfolio will be invested in non-exchange-traded American Depositary Receipts; (7) provided additional information regarding the Fund's holding of non-exchange-traded contingent value rights, including that such holdings would be limited to 0.5% of the Fund's assets by market value and that such holdings would not meet the criteria of Commentary .01(a)(1)(E) and (a)(2)(E) to NYSE Arca Rule 8.600–E, as further described herein; (8) provided that the Fund's investment in sovereign obligations and obligations of supranational entities each is not expected to exceed 5% of the Fund's assets; (9) provided additional information regarding the availability of information for the Shares; and (10) made other clarifications, corrections, and technical changes. Amendment No. 6 is not subject to notice and comment because it does not materially alter the substance of the proposed rule change or raise unique or novel regulatory issues. All of the amendments to the proposed rule change are available at *https://www.sec.gov/comments/sr-nysearca-2017-87/nysearca201787.htm*.

II. The Exchange's Description of the Proposed Rule Change, as Modified by Amendment No. 6 [7]

The Exchange proposes to list and trade Shares of the Fund under NYSE Arca Rule 8.600–E, which governs the listing and trading of Managed Fund Shares on the Exchange. The Fund is a series of J.P. Morgan Exchange-Traded Fund Trust (''Trust''), a Delaware statutory trust.[8] J.P. Morgan Investment Management Inc. (''Adviser'') will be the investment adviser to the Fund and will also provide administrative services for and oversee the other service providers for the Fund.[9] JPMorgan Distribution Services, Inc. will be the distributor of the Fund's Shares.

According to the Exchange, the Fund will seek to provide long-term total return. Under normal market conditions,[10] the Fund will employ the ''Equity Long/Short'' strategy to access certain return factors.[11] The strategy will involve simultaneously investing in equities (investing long) that the Adviser believes are attractive based on relevant return factors and selling equities (selling short) that the Adviser believes are unattractive based on relevant return factors. The Fund will generally invest its assets globally to gain exposure, either directly or through the use of derivatives, to equity securities (across market capitalizations) in developed markets.[12]

A. Principal Investments

According to the Exchange, under normal market conditions, at least 80% of the Fund's assets will be invested in the securities and financial instruments described below.

The Fund may invest in U.S. and foreign exchange-listed common stocks of U.S. and foreign corporations, U.S. and foreign exchange-listed preferred stocks of U.S. and foreign corporations, U.S. and foreign exchange-listed warrants of U.S. and foreign corporations, U.S. and foreign exchange-listed rights of U.S. and foreign corporations, and U.S. and foreign exchange-listed master limited partnerships (''MLPs'').

The Fund may purchase and sell U.S. exchange-traded futures on U.S. and foreign equities, U.S. exchange-traded options on U.S. and foreign equity futures, and U.S. exchange-traded futures on U.S. and foreign stock indexes, foreign exchange-traded futures on foreign equities and foreign stock indexes, and foreign exchange-traded options on foreign equity futures.

The Fund may invest in over-the-counter (''OTC'') and U.S. exchange-traded call and put options on equity securities and equity securities indexes.

The Fund may invest in OTC total return swaps on U.S. and foreign equities and U.S. and foreign equity indices.

The Fund may invest in forward currency transactions. Such investments consist of non-deliverable forwards, foreign forward currency contracts, caps, and floors.

The Fund may invest in exchange-listed real estate investment trusts (''REITs'') that will be traded on U.S. national securities exchanges and on non-U.S. exchanges.

The Fund may invest in U.S. and foreign exchange-listed and OTC Depositary Receipts.[13]

The Fund may invest in OTC-traded convertible securities (bonds or preferred stock that can convert to common stock).

The Fund may invest in cash and cash equivalents, which are investments in money market funds (including funds for which the Adviser and/or its affiliates may serve as investment adviser or administrator), bank obligations,[14] and commercial paper.

B. Other Investments

While the Fund, under normal market conditions, will invest at least 80% of its assets in the securities and financial instruments described above, the Fund may invest its remaining assets in other assets and financial instruments, as described below.

The Fund may invest in U.S. Government obligations, which may include direct obligations of the U.S. Treasury, including Treasury bills, notes, and bonds, all of which are backed as to principal and interest payments by the full faith and credit of the United States, and separately traded principal and interest component parts of such obligations that are transferable through the Federal book-entry system known as Separate Trading of Registered Interest and Principal of Securities and Coupons Under Book Entry Safekeeping.

The Fund may invest in U.S. and foreign corporate debt.

The Fund may invest in sovereign obligations, which are investments in debt obligations issued or guaranteed by a foreign sovereign government or its agencies, authorities, or political subdivisions. The Fund may also invest in obligations of supranational entities, including securities designated or supported by governmental entities to promote economic reconstruction or development of international banking institutions and related government agencies.

The Fund may invest in spot currency transactions.

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[7] For more information regarding the Fund and the Shares, *see* Amendment No. 6, *supra* note 6.

[8] The Trust is registered under the Investment Company Act of 1940 (''1940 Act''). On July 18, 2017, the Trust filed with the Commission an amendment to its registration statement on Form N–1A under the Securities Act of 1933 and the 1940 Act relating to the Fund (File Nos. 333–191837 and 811–22903) (''Registration Statement''). The Exchange represents that the Trust will file an amendment to the Registration Statement as necessary to conform to representations in the Exchange's filing. 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. 31990 (February 9, 2016) (''Exemptive Order''). The Exchange represents that investments made by the Fund will comply with the conditions set forth in the Exemptive Order.

[9] The Adviser is a wholly-owned subsidiary of JPMorgan Asset Management Holdings Inc., which is an indirect, wholly-owned subsidiary of JPMorgan Chase & Co., a bank holding company. The Adviser is not registered as a broker-dealer, but is affiliated with a broker-dealer and has implemented and will maintain a fire wall with respect to such broker-dealer affiliate regarding access to information concerning the composition of and/or changes to the Fund's portfolio. In the event (a) the Adviser becomes registered as a broker-dealer or newly affiliated with one or more broker-dealers, or (b) any new adviser or sub-adviser 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 its broker-dealer affiliate regarding access to information concerning the composition of and/or changes to the portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio.

[10] The term ''normal market conditions'' is defined in NYSE Arca Rule 8.600–E(c)(5).

[11] Each return factor represents a potential source of investment return that results from, among other things, assuming a particular risk or taking advantage of a behavioral bias. The exposure to individual return factors may vary based on the market opportunity of the individual return factors. For example, the return factors that the Adviser may utilize include, but are not limited to: Value (seek to purchase ''cheap'' stocks based on the ratios of their price to certain company characteristics and sell short stocks that are relatively more expensive based on the same considerations); Momentum (seek to capture the tendency that a security's recent performance may continue in the near future); Size (seek to purchase small cap stocks and sell short large cap stocks); Quality (seek to buy high quality stocks and sell short lower ranked stocks).

[12] Under normal market conditions, the Adviser currently expects that a significant portion of the Fund's exposure will be attained through the use of derivatives in addition to its exposure through direct investment. Derivatives will primarily be used as an efficient means of implementing a particular strategy in order to gain exposure to a desired return factor. Derivatives may also be used to increase gain, to effectively gain targeted exposure from cash positions, to hedge various investments, and/or for risk management.

[13] Depositary Receipts include American Depositary Receipts (''ADRs''), Global Depositary Receipts, and European Depositary Receipts. No more than 10% of the equity weight of the Fund's portfolio will be invested in non-exchange traded ADRs.

[14] Bank obligations include bankers' acceptances, certificates of deposit, and time deposits.

The Fund may hold non-exchange-traded contingent value rights (''CVRs'').[15]

The Fund may invest in Rule 144A securities and Regulation S securities.

C. Investment Restrictions

The Fund's investments, including derivatives, will be consistent with the Fund's investment objective and will not be used to enhance leverage (although certain derivatives and other investments may result in leverage). That is, while the Fund will be permitted to borrow as permitted under the 1940 Act, the Fund's investments will not be used to seek performance that is the multiple or inverse multiple (*e.g.,* 2Xs and 3Xs) of the Fund's primary broad-based securities benchmark index (as defined in Form N–1A).[16]

D. Application of Generic Listing Requirements

According to the Exchange, the Fund's portfolio will not meet all of the generic listing requirements of Commentary .01 to NYSE Arca Rule 8.600–E. Specifically, the Fund will meet all the requirements of NYSE Arca Rule 8.600–E except for those set forth in Commentary .01(a)(1)(E) and Commentary .01(a)(2)(E) relating to non-exchange-traded CVRs, Commentary .01(e), and Commentary .01(b)(3).

Commentary .01(a)(1)(E) to NYSE Arca Rule 8.600–E requires that, on both an initial and continuing basis, the component stocks of the equity portion of a portfolio that are U.S. Component Stocks (as described in NYSE Arca Rule 5.2–E(j)(3)) be listed on a national securities exchange and be NMS Stocks as defined in Rule 600 of Regulation NMS under the Act.[17] Commentary .01(a)(2)(E) to NYSE Arca Rule 8.600–E requires that, on both an initial and continuing basis, the component stocks of the equity portion of a portfolio that are Non-U.S. Component Stocks (as described in NYSE Arca Rule 5.2–E(j)(3)) be listed and traded on an exchange that has last-sale reporting. The Exchange states that the non-exchange-traded CVRs that the Fund may hold would not be listed on a national securities exchange or an exchange with last sale reporting, and therefore would not meet the criteria of Commentary .01(a)(1)(E) and Commentary .01(a)(2)(E). The Exchange states that the Adviser represents that the Fund may at times hold a de minimis amount of the Fund's assets (less than 0.5% by market value) in non-exchange-traded CVRs. The Exchange also states that the Adviser represents that the Fund will not actively invest in non-exchange-traded CVRs but may, at times, receive a distribution of such securities in connection with the Fund's holdings in other securities. According to the Exchange, therefore, the Fund's holdings in non-exchange-traded CVRs, if any, would not be utilized to further the Fund's investment objective and would not be acquired as the result of the Fund's voluntary investment decisions.

Commentary .01(e) to NYSE Arca Rule 8.600–E requires that, on both an initial and continuing basis, no more than 20% of the assets in the Fund's portfolio may be invested in OTC derivatives (calculated as the aggregate gross notional value of the OTC derivatives). The Exchange states that the aggregate gross notional value of the Fund's investments in OTC derivatives may exceed this limit. The Exchange states that the Adviser intends to engage in strategies that utilize OTC foreign currency forward transactions, OTC total return swaps, and OTC options. According to the Exchange, because foreign currency forward transactions and total return swaps will be traded OTC, it would not be possible to implement these strategies efficiently using listed derivatives. In addition, use of OTC options on equity securities and equity securities indexes may be an important means to reduce risk in the Fund's equity investments, or, depending on market conditions, to enhance returns of such investments. The Exchange states that if the Fund were limited to investing up to 20% of assets in OTC derivatives, the Fund would have to exclude or underweight these strategies and would be less diversified, concentrating risk in the other strategies it will utilize. In addition, the Exchange states that the Adviser represents that the Fund will follow an investment strategy utilized within the JP Morgan Diversified Alternative ETF, shares of which have previously been approved by the Commission for Exchange listing and trading.[18]

Commentary .01(b)(3) to NYSE Arca Rule 8.600–E provides that a portfolio (excluding exempted securities) that includes fixed income securities shall include a minimum of 13 non-affiliated issuers, provided, however, that there shall be no minimum number of non-affiliated issuers required for fixed income securities if at least 70% of the weight of the portfolio consists of equity securities as described in Commentary .01(a) to NYSE Arca Rule 8.600–E. The Exchange states that the Fund's investment in fixed income securities will not meet this requirement. However, the Exchange represents that the Fund's investment in corporate debt will not exceed 5% of the Fund's assets, the Fund's investment in OTC-traded convertible securities also will not exceed 5% of the Fund's assets, and the Fund's investment in sovereign obligations and obligations of supranational entities each is not expected to exceed 5% of the Fund's assets. The Exchange also states the Adviser's belief that it is appropriate to permit a small investment in corporate debt, OTC-traded convertible securities, sovereign obligations, and obligations of supranational entities in order to permit the Fund to diversify its investments to enhance investor returns. According to the Exchange, because such investments would be limited and are not expected to exceed 20% of the Fund's assets in the aggregate, it would be difficult for the Fund to diversify such investments in order to comply with the requirement that fixed income securities include at least 13 non-affiliated issuers.

III. Discussion and Commission's Findings

After careful review, the Commission finds that the proposed rule change, as modified by Amendment No. 6, is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange.[19] In particular, the Commission finds that the proposed rule change, as modified by Amendment No. 6, is consistent with Section 6(b)(5) of the Act,[20] which requires, among other things, that the Exchange's rules be designed to prevent fraudulent and manipulative acts and

[15] The Exchange states that, for the purposes of the filing, CVRs are rights provided to shareholders of a company in connection with a corporate restructuring or acquisition. These rights relate to additional benefits to shareholders if a certain event occurs. CVRs frequently have an expiration date relating to the times that contingent events must occur. CVRs related to a company's stock are generally related to the price performance of such stock.

[16] The Fund's broad-based securities benchmark index will be identified in a future amendment to the Registration Statement following the Fund's first full calendar year of performance.

[17] Commentary .01(a)(1)(F) to NYSE Arca Rule 8.600–E provides that ADRs in a portfolio may be exchange-traded or non-exchange-traded, but no more than 10% of the equity weight of a portfolio may consist of non-exchange-traded ADRs.

[18] *See* Securities Exchange Act Release No. 77904 (May 25, 2016), 81 FR 35101 (June 1, 2016) (SR–NYSEArca–2016–17) (order approving listing and trading of shares of the JPMorgan Diversified Alternative ETF under NYSE Arca Equities Rule 8.600).

[19] In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[20] 15 U.S.C. 78f(b)(5).

practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

As noted above, the Fund's investment in non-exchange-traded CVRs would not comply with either Commentary .01(a)(1)(E) to NYSE Arca Rule 8.600–E, which requires the U.S. Component Stocks in the portfolio to be listed on a national securities exchange and to be NMS Stocks, or Commentary .01(a)(2)(E) to NYSE Arca Rule 8.600–E, which requires the Non-U.S. Component Stocks in the portfolio to be listed and traded on an exchange with last sale reporting. As proposed, the Fund may at times hold a de minimis amount of the Fund's assets (less than 0.5% by market value) in non-exchange-traded CVRs. Also, the Fund will not actively invest in non-exchange-traded CVRs but may, at times, receive a distribution of such securities in connection with the Fund's holdings in other securities.

In addition, as noted above, the aggregate gross notional value of the Fund's investments in OTC derivatives may exceed the 20% limit in Commentary .01(e) to NYSE Arca Rule 8.600–E.[21] The Exchange states that the 20% limit could result in the Fund being unable to fully pursue its investment objective while attempting to sufficiently mitigate investment risks. According to the Exchange, if the Fund were limited to investing up to 20% of its assets in OTC derivatives, the Fund would have to exclude or underweight the strategies utilizing OTC derivatives and the Fund would be less diversified, concentrating risk in the other strategies it plans to utilize.[22] In addition, the Exchange states that the inability of the Fund to adequately hedge its holdings would effectively limit the Fund's ability to invest in certain instruments, or could expose the Fund to additional investment risk. The Exchange also states that suitable derivative transactions may be an efficient alternative for the Fund to obtain the desired asset exposure because the markets for certain assets, or the assets themselves, may be unavailable or cost prohibitive as compared to derivative instruments. Furthermore, the Exchange states that OTC derivatives may be tailored more specifically than the available listed derivatives to the assets held by the Fund.[23] As proposed, on a daily basis, the Fund will disclose on its website the information regarding the Disclosed Portfolio required under NYSE Arca Rule 8.600–E(c)(2) to the extent applicable.[24] The website information will be publicly available at no charge. The Exchange represents that the Fund's disclosure of derivative positions in the Disclosed Portfolio will include information that market participants can use to value the derivative positions intraday.

Finally, as noted above, the Fund's investment in fixed income securities will not meet the requirement for 13 non-affiliated issuers in Commentary .01(b)(3) to NYSE Arca Rule 8.600–E. As proposed, the Fund's investment in corporate debt will not exceed 5% of the Fund's assets, the Fund's investment in OTC-traded convertible securities will not exceed 5% of the Fund's assets, and the Fund's investment in sovereign obligations and obligations of supranational entities each is not expected to exceed 5% of the Fund's assets. According to the Exchange, because these investments would be limited and are not expected to exceed 20% of the Fund's assets in the aggregate, it would be difficult for the Fund to diversify such investments in order to comply this requirement. The Exchange also states the Adviser's belief that it is appropriate to permit a small investment in corporate debt, OTC-traded convertible securities, sovereign obligations, and obligations of supranational entities in order to permit the Fund to diversify its investments to enhance investor returns.

The Commission notes that, other than Commentary .01(a)(1)(E) and Commentary .01(a)(2)(E) relating to non-exchange-traded CVRs, Commentary .01(e), and Commentary .01(b)(3), the Fund will meet all the requirements of NYSE Arca Rule 8.600–E.

The Commission also finds that the proposal is consistent with Section 11A(a)(1)(C)(iii) of the Act,[25] which sets forth Congress's finding that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with respect to quotations for, and transactions in, securities. Quotation and last-sale information for the Shares will be available via the CTA high-speed line. The Portfolio Indicative Value (''PIV'') for the Fund, as defined in NYSE Arca Rule 8.600–E(c)(3), will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Exchange's Core Trading Session.[26] Information regarding market price and trading volume for 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 portfolio holdings of the Fund that are U.S. exchange-listed, including common stocks, warrants, rights, MLPs, preferred stocks, REITs, and Depositary Receipts will be available via the CTA high speed line. Quotation and last sale information for such U.S. exchange-listed securities, as well as U.S. and foreign exchange-traded futures and options on futures, will be available from the exchanges on which they are listed. Quotation and last sale information for exchange-listed options cleared via the Options Clearing Corporation will be available via the Options Price Reporting Authority.

[21] The Exchange states that the Fund's investments in derivative instruments will be made in accordance with the 1940 Act and consistent with the Fund's investment objective and policies. To limit the potential risk associated with such transactions, the Fund will segregate or ''earmark'' assets determined to be liquid by the Adviser in accordance with procedures established by the Trust's Board of Trustees and in accordance with the 1940 Act (or, as permitted by applicable regulation, enter into certain offsetting positions) to cover its obligations under derivative instruments. The Exchange states that these procedures have been adopted consistent with Section 18 of the 1940 Act and related Commission guidance. In addition, the Fund will include appropriate risk disclosure in its offering documents, including leveraging risk.

[22] The Exchange states that the Adviser represents that it is not possible to implement its strategies efficiently using listed derivatives because the foreign currency forward transactions and total return swaps in which the Fund may invest will be traded OTC. The Exchange also states that use of OTC options on equity securities and equity securities indexes may be an important means to reduce risk in the Fund's equity investments.

[23] As noted above, the Adviser represents that the Fund will follow an investment strategy utilized by the JP Morgan Diversified Alternative ETF, shares of which were previously approved for Exchange listing and trading by the Commission. *See supra* note 18 and accompanying text.

[24] NYSE Arca Rule 8.600–E(c)(2) requires that the website for each series of Managed Fund Shares disclose the following information regarding the Disclosed Portfolio, to the extent applicable: (A) Ticker symbol; (B) CUSIP or other identifier; (C) description of the holding; (D) with respect to holdings in derivatives, the identity of the security, commodity, index or other asset upon which the derivative is based; (E) the strike price for any options; (F) the quantity of each security or other asset held as measured by (i) par value, (ii) notional value, (iii) number of shares, (iv) number of contracts, and (v) number of units; (G) maturity date; (H) coupon rate; (I) effective date; (J) market value; and (K) percentage weighting of the holding in the portfolio.

[25] 15 U.S.C. 78k–1(a)(1)(C)(iii).

[26] Currently, it is the Exchange's understanding that several major market data vendors display and/or make widely available PIVs taken from the CTA or other data feeds.

Quotation and last sale information for foreign exchange-listed equity securities will be available from the exchanges on which they trade and from major market data vendors, as applicable. Price information for preferred stocks and non-exchange-traded CVRs will be available from one or more major market data vendors or from broker-dealers. Quotation information for OTC options, cash equivalents, swaps, obligations of supranational agencies, money market funds, U.S. Government obligations, U.S. Government agency obligations, sovereign obligations, repurchase and reverse repurchase agreements, and U.S. and foreign corporate debt may be obtained from brokers and dealers who make markets in such securities or through nationally recognized pricing services through subscription agreements. The U.S. dollar value of foreign securities, instruments, and currencies can be derived by using foreign currency exchange rate quotations obtained from nationally recognized pricing services. Forwards and spot currency price information will be available from major market data vendors. Price information for OTC Depositary Receipts, convertible securities, 144A securities and Regulation S securities is available from major market data vendors. In addition, the Fund's website, which will be publicly available prior to the public offering of the Shares, will include a form of the prospectus for the Fund and additional data relating to NAV and other applicable quantitative information.

The Commission also believes that the proposal is reasonably designed to promote fair disclosure of information that may be necessary to price the Shares appropriately and to prevent trading when a reasonable degree of transparency cannot be assured. 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. Trading in the Shares will be halted if the circuit-breaker parameters in NYSE Arca Rule 7.12–E have been reached. Trading also may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. Moreover, trading in the Shares will be subject to NYSE Arca Rule 8.600–E(d)(2)(D), which sets forth circumstances under which Shares may be halted.

The Exchange states that it has a general policy prohibiting the distribution of material, non-public information by its employees. The Exchange states that the Adviser is not registered as a broker-dealer but is affiliated with a broker-dealer and has implemented and will maintain a fire wall with respect to that broker-dealer affiliate regarding access to information concerning the composition of and/or changes to the Fund's portfolio.[27] Further, the Commission notes that the Reporting Authority that provides the Disclosed Portfolio must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material, non-public information regarding the actual components of the portfolio.[28]

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. In support of this proposal, the Exchange represents that:

(1) Other than Commentary .01(a)(1)(E) and Commentary .01(a)(2)(E) with respect to investments in non-exchange-traded CVRs, Commentary .01(e), and Commentary .01(b)(3), the Fund will meet all other requirements of NYSE Arca Rule 8.600–E.

(2) A minimum of 100,000 Shares of the Fund will be outstanding at the commencement of trading on the Exchange.

(3) Trading in the Shares will be subject to the existing trading surveillances administered by the Exchange, as well as cross-market surveillances administered by the Financial Industry Regulatory Authority (''FINRA'') on behalf of the Exchange, and these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws.[29]

(4) The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares, certain exchange-listed equity securities, certain futures, and certain exchange-traded options with other markets and other entities that are members of the Intermarket Surveillance Group (''ISG''), and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading such securities and financial instruments from such markets and other entities. In addition, the Exchange may obtain information regarding trading in 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 fixed income securities held by the Fund reported to FINRA's Trade Reporting and Compliance Engine.

(5) Prior to the commencement of trading, the Exchange will inform its Equity Trading Permit Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. Specifically, the Information Bulletin will discuss: (a) The procedures for purchases and redemptions of Shares in creation units (and that Shares are not individually redeemable); (b) NYSE Arca Rule 9.2–E(a), which imposes a duty of due diligence on its Equity Trading Permit Holders to learn the essential facts relating to every customer prior to trading the Shares; (c) the risks involved in trading the Shares during the Early and Late Trading Sessions when an updated PIV will not be calculated or publicly disseminated; (d) how information regarding the PIV and the Disclosed Portfolio is disseminated; (e) the requirement that Equity Trading Permit Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (f) trading information.

(6) The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions.

(7) For initial and continued listing, the Fund will be in compliance with Rule 10A–3 under the Act.[30]

(8) The Fund's investments, including derivatives, will be consistent with the Fund's investment objective and will not be used to enhance leverage. That is, while the Fund will be permitted to borrow as permitted under the 1940 Act, the Fund's investments will not be used to seek performance that is the multiple or inverse multiple (*e.g.,* 2Xs and 3Xs) of the Fund's primary broad-based securities benchmark index (as defined in Form N–1A).

The Exchange represents that all statements and representations made in the filing regarding: (1) The description of the portfolio holdings or reference assets; (2) limitations on portfolio holdings or reference assets; or (3) the applicability of Exchange listing rules specified in the rule filing constitute continued listing requirements for listing the Shares on the Exchange. In addition, the issuer has represented to the Exchange that it will advise the Exchange of any failure by the Fund to comply with the continued listing requirements and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will monitor [31] for

[27] The Exchange also represents that an investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940.

[28] *See* NYSE Arca Rule 8.600–E(d)(2)(B)(ii).

[29] The Exchange states that FINRA conducts cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement, and that the Exchange is responsible for FINRA's performance under this regulatory services agreement.

[30] *See* 17 CFR 240.10A–3.

[31] The Commission notes that certain proposals for the listing and trading of exchange-traded products include a representation that the exchange will ''surveil'' for compliance with the continued listing requirements. *See, e.g.,* Securities Exchange Act Release No. 77499 (April 1, 2016), 81 FR 20428, 20432 (April 7, 2016) (SR–BATS–2016–04). In the context of this representation, it is the Commission's view that ''monitor'' and ''surveil'' both mean ongoing oversight of compliance with the continued listing requirements. Therefore, the

compliance with the continued listing requirements. If the Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under NYSE Arca Rule 5.5–E(m).

This approval order is based on all of the Exchange's statements and representations, including those set forth above and in Amendment No. 6.

For the foregoing reasons, the Commission finds that the proposed rule change, as modified by Amendment No. 6, is consistent with Section 6(b)(5) of the Act [32] and Section 11A(a)(1)(C)(iii) of the Act [33] and the rules and regulations thereunder applicable to a national securities exchange.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[34] that the proposed rule change (SR–NYSEArca–2017–87), as modified by Amendment No. 6, be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[35]

Eduardo A. Aleman,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–82496; File No. SR–ICEEU–2017–016]

Self-Regulatory Organizations; ICE Clear Europe Limited; Notice of Proposed Rule Change, Security-Based Swap Submission or Advance Notice Relating to the ICE Clear Europe Recovery Plan

January 12, 2018.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on December 29, 2017, ICE Clear Europe Limited (''ICE Clear Europe'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule changes described in Items I, II and III below, which Items have been prepared by ICE Clear Europe. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change, Security-Based Swap Submission, or Advance Notice

Consistent with its obligations under applicable laws and regulations,[3] ICEU has adopted a Recovery Plan identifying certain critical clearing services it provides and addressing its tools, mechanisms and options for addressing scenarios that threaten its ability to continue to provide such services.

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change, Security-Based Swap Submission or Advance Notice

In its filing with the Commission, ICE Clear Europe 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. ICE Clear Europe has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change, Security-Based Swap Submission or Advance Notice

(a) Purpose

Consistent with its obligations under applicable laws and regulations, ICE Clear Europe has adopted a Recovery Plan. The Recovery Plan is based on, and is intended to be consistent with, ICEU's Clearing Rules (the ''Rules'') [4] and Procedures, as well as its existing risk management frameworks, policies and procedures.

Overview of the Recovery Plan

The Recovery Plan identifies the critical services that ICEU provides, and the business functions that support those services. In ICEU's view, its clearing services (for both the F&O and CDS product categories), and its related treasury and banking services, represent its critical services. The Recovery Plan outlines a number of firm-specific and market-wide stress scenarios that, in ICEU's determination, may result in significant losses or liquidity shortfall, suspension or failure of its critical services and related functions and systems, and damage to other market infrastructure, with resulting uncertainty in the markets for which ICEU clears. These include both losses from Clearing Member default and non-default loss scenarios. The Recovery Plan further evaluates different impact categories and severity levels of these stress scenarios. The Recovery Plan then addresses the tools, mechanisms and options (''Recovery Options'') upon which ICEU may draw (based on its existing Rules, Procedures and policies and frameworks) in order to address a stress scenario and continue to provide its critical services, and the actions to implement those options (including appropriate escalation and early warning procedures). The Recovery Plan also addresses communication with regulators and other relevant stakeholders and related governance issues. The Recovery Plan further considers the implications of certain situations that may be beyond its control, such as interdependencies with other institutions.

The Recovery Plan also addresses the roles and responsibility of ICEU Board, management and other personnel, including with respect to development, review and approval, testing and maintenance and liaison with relevant regulatory authorities. The Recovery Plan also includes a description of ICEU, its organizational structure, its applicable regulatory regime and the standards and guidelines that have informed the Recovery Plan. The Recovery Plan is based on the Rules and Procedures of the clearing house as they are in effect, and does not itself change the rights and obligations of the clearing house or its Clearing Members thereunder.

Critical Services and Functions

As noted above, ICEU has determined that both its F&O and CDS product category clearing services, as well as its related treasury and banking services, are critical services. The Recovery Plan sets out the methodology used by the clearing house in assessing the criticality of services for this purpose. ICEU has also identified the front-end business functions and support areas

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Commission does not view ''monitor'' as a more or less stringent obligation than ''surveil'' with respect to the continued listing requirements.

[32] 15 U.S.C. 78f(b)(5).

[33] 15 U.S.C. 78k–1(a)(1)(C)(iii).

[34] 15 U.S.C. 78s(b)(2).

[35] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] As discussed in further detail herein, ICE Clear Europe is required to establish a recovery plan under relevant provisions of the UK Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses) Regulations 2001 (SI/2001/1995) and Commission Rule 17Ad–22(e)(3)(ii), 17 CFR 240.17Ad–22(e)(3)(ii).

The Plan is also designed to be consistent with the Committee on Payments and Market Infrastructures (''CPMI'')—International Organization of Securities Commissions (''IOSCO'') Principles for Financial Market Infrastructures (''PFMIs''), including supplemental guidance from CPMI–IOSCO which includes its report on ''Recovery of financial market infrastructures'' published in October 2014 and revised July 2017 (the ''Recovery Guidance'').

[4] Capitalized terms used but not defined herein have the meanings specified in the Rules.