

systems, for an annual burden of 5,000 hours. The Commission estimates that, on average, a firm initially will take approximately 1,000 hours to prepare an application to use appendix F. For the one firm expected to apply, this would result in an annual burden of 333 hours per year amortized over three years. For the two years after it registers, the new registrant would spend an average of approximately 1,000 hours each year reporting information concerning its VAR model and internal risk management system, for an annual burden of 667 hours per year amortized over 3 years.

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's estimates of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

Please direct your written comments to: Charles Riddle, Acting Director/Chief Information Officer, Securities and Exchange Commission, c/o Candace Kenner, 100 F Street NE, Washington, DC 20549, or send an email to: PRA_Mailbox@sec.gov.

Dated: February 22, 2019.

Eduardo A. Aleman,
Deputy Secretary.

[FR Doc. 2019-03393 Filed 2-26-19; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-85170; File No. SR-NYSEArca-2019-04]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change Amending NYSE Arca Rule 5.2-E(j)(3) To Adopt Generic Listing Standards for Investment Company Units Based on an Index of Municipal Bond Securities

February 21, 2019.

Pursuant to Section 19(b)(1) ¹ of the Securities Exchange Act of 1934 (the “Act”) ² and Rule 19b-4 thereunder, ³ notice is hereby given that, on February 8, 2019, 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, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend NYSE Arca Rule 5.2-E(j)(3) (“Rule 5.2-E(j)(3)”) to adopt generic listing standards for Investment Company Units (“Units”) based on an index of municipal bond securities. The proposed change is available on the Exchange's website at www.nyse.com, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at 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

NYSE Arca Rule 5.2-E(j)(3) permits the Exchange to list a series of Units based on an index or portfolio of underlying securities. Currently, Rule 5.2-E(j)(3) includes generic listing standards for Units based on an index or portfolio of equity or fixed income securities or a combination thereof. The Exchange proposes to amend Rule 5.2-E(j)(3) to add a new Commentary .02A to provide generic listing standards for Units based on an index or portfolio of Municipal Securities.⁴

An index of Municipal Securities typically does not meet the generic listing requirements for Units based on an index of fixed-income securities.⁵ Nonetheless, the Commission has previously approved proposed rule changes relating to listing and trading on the Exchange of Units based on an index of Municipal Securities.⁶ Given

⁴ The term “Municipal Securities” has the definition given to it in Section 3(a)(29) of the Securities Exchange Act of 1934.

⁵ See Commentary .02(a)(2) to NYSE Arca Rule 5.2-E(j)(3). Municipal Securities are typically issued in with individual maturities of relatively small size, although they generally are constituents of a much larger municipal bond offering. Therefore, an index of Municipal Securities will typically be unable to satisfy the requirement that component fixed income securities that, in the aggregate, account for at least 75% of the weight of the index each shall have a minimum principal amount outstanding of \$100 million or more.

⁶ See Securities Exchange Act Release Nos. 67985 (October 4, 2012), 77 FR 61804 (October 11, 2012) (SR-NYSEArca-2012-92) (order approving proposed rule change relating to the listing and trading of iShares 2018 S&P AMT-Free Municipal Series and iShares 2019 S&P AMT-Free Municipal Series under NYSE Arca Equities Rule 5.2(j)(3), Commentary .02); 67729 (August 24, 2012), 77 FR 52776 (August 30, 2012) (SR-NYSEArca-2012-92) (notice of proposed rule change relating to the listing and trading of iShares 2018 S&P AMT-Free Municipal Series and iShares 2019 S&P AMT-Free Municipal Series under NYSE Arca Equities Rule 5.2(j)(3), Commentary .02); 72523, (July 2, 2014), 79 FR 39016 (July 9, 2014) (SR-NYSEArca-2014-37) (order approving proposed rule change relating to the listing and trading of iShares 2020 S&P AMT-Free Municipal Series under NYSE Arca Equities Rule 5.2(j)(3), Commentary .02); 72172 (May 15, 2014), 79 FR 29241 (May 21, 2014) (SR-NYSEArca-2014-37) (notice of proposed rule change relating to the listing and trading of iShares 2020 S&P AMT-Free Municipal Series under NYSE Arca Equities Rule 5.2(j)(3), Commentary .02); 72464 (June 25, 2014), 79 FR 37373 (July 1, 2014) (File No. SR-NYSEArca-2014-45) (order approving proposed rule change governing the continued listing and trading of shares of the PowerShares Insured California Municipal Bond Portfolio, PowerShares Insured National Municipal Bond Portfolio, and PowerShares Insured New York Municipal Bond Portfolio); 75468 (July 16, 2015), 80 FR 43500 (July 22, 2015) (SR-NYSEArca-2015-25) (order approving proposed rule change relating to the

Continued

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

the large number of prior approvals by the Commission, the Exchange now proposes to adopt generic listing standards for Units based on an index of Municipal Securities that do not meet the generic listing standards for Units based on an index of fixed-income securities.

In the Exchange's experience, indices of Municipal Securities are able to satisfy all of the generic listing requirements applicable to fixed-income indices contained in Commentary .02 to Rule 5.2–E(j)(3) except the requirement that component securities in an index have a minimum original principal amount outstanding. Specifically, Municipal Securities are generally issued with individual maturities of relatively small size, although they generally are constituents of a much larger municipal bond offering. Therefore, Municipal Securities are unable to satisfy the rule's requirement that "at least 75% of the Fixed Income Securities portion of the weight of the index or portfolio each shall have a minimum original principal amount outstanding of \$100 million or more." Notwithstanding the inability of a Municipal Securities index to meet this aspect of the generic listing standards,

the Commission has previously approved for listing and trading a series of Units based on such indices where the Exchange has demonstrated an index is not susceptible to manipulation.⁷

The Exchange would apply existing Commentary .02 to Rule 5.2–E(j)(3) and proposed Commentary .02A to Rule 5.2–E(j)(3) in a "waterfall" manner. Specifically, every series of Units based on an index of fixed-income securities and cash (including an index that contains Municipal Securities) would initially be evaluated against the generic listing standards of existing Commentary .02 to Rule 5.2–E(j)(3). If the index underlying a series of Units satisfied the existing criteria of Commentary .02 to Rule 5.2–E(j)(3), the Exchange would proceed with listing the Units. The Exchange would apply proposed Commentary .02A to Rule 5.2–E(j)(3) only if (i) an index did not meet the requirements of Commentary .02 to Rule 5.2–E(j)(3) and (ii) such index contained only Municipal Securities and cash.

The Exchange believes that if an index of fixed-income securities and cash (including one that contains Municipal Securities) satisfies the

existing requirements of Commentary .02 to Rule 5.2–E(j)(3) its constituent securities are sufficiently liquid to deter manipulation of the index. Further, the proposed alternative listing standard, which would only be applicable to an index consisting entirely of Municipal Securities and cash, includes many requirements that are more stringent than those applicable to an index of fixed-income securities and cash. The Exchange believes these heightened requirements would deter potential manipulation of such Municipal Securities indices even though the index may include securities that have smaller original principal amounts outstanding.

Comparison of Existing Quantitative Requirements for Fixed-Income Indices vs. Proposed Quantitative Requirements for Municipal Securities Indices

Below is a comparison of the existing quantitative requirements for Units based on an index of fixed-income securities versus the Exchange's proposed alternative quantitative requirements for Units based on an index of Municipal Securities:

Original Principal Amount Outstanding:

Existing Requirement for Fixed-Income Securities:	Fixed Income Security components that in aggregate account for at least 75% of the Fixed Income Securities portion of the weight of the index or portfolio each shall have a minimum original principal amount outstanding of \$100 million or more.
Proposed Requirement for Municipal Securities:	Municipal Security components that in aggregate account for at least 90% of the Municipal Securities portion of the weight of the index or portfolio each shall have a minimum original principal amount outstanding of at least \$5 million and have been issued as part of a transaction of at least \$20 million.

As discussed above, Municipal Securities are typically issued with individual maturities of relatively small size, although they generally are constituents of a much larger municipal bond offering. In recognition of these smaller offering sizes, the Exchange proposes to reduce the minimum original principal amount outstanding requirement for component securities to at least \$5 million. Further, the Exchange proposes that qualifying securities must have been issued as part of a transaction of at least \$20 million. Lastly, the Exchange proposes to

increase the percentage weight of an index that must satisfy the original principal amount outstanding requirement from 75% to 90%.

The Exchange does not believe that reducing the minimum original principal amount outstanding requirement for component securities will make an index more susceptible to manipulation. The Exchange believes that the requirement that component securities in a fixed-income index have a minimum principal amount outstanding, in concert with the other requirements of Commentary .02 to Rule

5.2–E(j)(3), is to ensure that such index is sufficiently broad-based in scope as to minimize potential manipulation of the index.⁸ However, based on empirical analysis, the Exchange does not believe that an index of Municipal Securities with lower original principal amounts outstanding is necessarily more susceptible to manipulation.⁹ In 2016, Blackrock, Inc. analyzed the potential manipulation of Municipal Securities and found that such manipulation "may be uneconomical and is unsupported in

listing and trading of iShares iBonds Dec 2021 AMT-Free Muni Bond ETF and iShares iBonds Dec 2022 AMT-Free Muni Bond ETF under NYSE Arca Equities Rule 5.2(j)(3)); 74730 (April 15, 2015), 76 FR 22234 (April 21, 2015) (notice of proposed rule change relating to the listing and trading of iShares iBonds Dec 2021 AMT-Free Muni Bond ETF and iShares iBonds Dec 2022 AMT-Free Muni Bond ETF under NYSE Arca Equities Rule 5.2(j)(3), Commentary .02); 74730 75376 (July 7, 2015), 80 FR 40113 (July 13, 2015) (SR–NYSEArca–2015–18)

(order approving proposed rule change relating to the listing and trading of Vanguard Tax-Exempt Bond Index Fund under NYSE Arca Equities Rule 5.2(j)(3)).

⁷ See Footnote 5 [sic], *supra*.

⁸ See Securities Exchange Act Release No. 55783 (May 17, 2007), 72 FR 29194 (May 24, 2007) (SR–NYSEArca–2007–36) (order approving the adoption of generic listing standards for Units based on an index of fixed-income securities) at pg. 19–20.

⁹ See Letter from Samara Cohen, Managing Director, U.S. Head of iShares Capital Markets, Joanne Medero, Managing Director, Government Relations & Public Policy, and Deepa Damre, Managing Director, Legal & Compliance, BlackRock, Inc., to Brent J. Fields, Secretary, Commission, dated October 18, 2017 in support of the Exchange's proposal to facilitate the listing and trading of certain series of Units listed pursuant to NYSE Arca Rule 5.2–E(j)(3) (SR–NYSEArca–2017–56).

practice.”¹⁰ In addition, the Exchange believes that its proposal to require that 90% of the weight of a Municipal Securities Index meet the original principal amount outstanding requirement (as opposed to 75% for fixed-income indices) will further deter potential manipulation by ensuring that

a greater portion of the index meet this minimum size requirement.

The Exchange notes that the Commission has previously approved the listing and trading of several series of Units where the underlying Municipal Securities index required that component securities representing

at least 90% of the weight of the index have a minimum original principal amount outstanding of at least \$5 million and have been issued as part of a transaction of at least \$20 million.¹¹

Maximum Weight of Component Securities:

Existing Requirement for Fixed-Income Securities:

No component fixed-income security (excluding Treasury Securities and GSE Securities) shall represent more than 30% of the Fixed Income Securities portion of the weight of the index or portfolio, and the five most heavily weighted component fixed-income securities in the index or portfolio shall not in the aggregate account for more than 65% of the Fixed Income Securities portion of the weight of the index or portfolio.

Proposed Requirement for Municipal Securities:

No component Municipal Security shall represent more than 10% of the Municipal Securities portion of the weight of the index or portfolio, and the five most heavily weighted component Municipal Securities in the index or portfolio shall not in the aggregate account for more than 30% of the Municipal Securities portion of the weight of the index or portfolio.

The Exchange proposes to substantially reduce the maximum weight that any individual Municipal Security, or group of five Municipal Securities, can have in a Municipal Securities index. The current generic listing rules for Units based on a fixed-income index permit individual component securities to account for up

to 30% of the weight of such index and the top-five weighted component securities to account for up to 65% of the weight of such index. The Exchange proposes to reduce these metrics to 10% for individual Municipal Securities and 30% for the top-weighted Municipal Securities in an index.

The Exchange believes that its proposal will reduce the likelihood that

a Municipal Securities index underlying a series of Units could be subject to manipulation by ensuring that no individual Municipal Security, or group of five Municipal Securities, represents an outsized weight of a Municipal Securities index.

Diversification of Issuers:

Existing Requirement for Fixed-Income Securities:

An underlying index or portfolio (excluding one consisting entirely of exempted securities) must include a minimum of 13 non-affiliated issuers.

Proposed Requirement for Municipal Securities:

An underlying index or portfolio must include a minimum of 13 non-affiliated issuers.

The current generic listing rules for Units based on an index of fixed-income securities require that such index must include securities from at least thirteen non-affiliated¹² issuers. Notably, the current rules exempt indices consisting entirely of exempted securities from complying with this diversification requirement. Municipal Securities are included in the definition of exempted securities.¹³ Therefore, an index of Municipal Securities that otherwise met the requirements of Commentary .02 to Rule 5.2–E(j)(3) would not be required to satisfy any minimum issuer diversification requirement. Nonetheless, the Exchange proposes that a Municipal Securities Index be required to include securities from at least 13 non-affiliated issuers. The Exchange believes that requiring such

diversification will reduce the likelihood that an index can be manipulated by ensuring that securities from a variety of issuers are represented in an index of Municipal Securities.

Number of Components:

Existing Requirement for Fixed-Income Securities:
Proposed Requirement for Municipal Securities:

Thirteen.
Five Hundred.

The current generic listing rules for Units based on an index of fixed-income securities do not have an explicit requirement that an index contain a minimum number of securities. However, given that such rules require an index to contain securities from at least thirteen non-affiliated issuers, there is a de facto requirement that an

index of fixed-income securities contain at least thirteen component securities. As described above, a fixed-income index comprised entirely of exempted securities (including Municipal Securities) is not required to satisfy the issuer diversification test, thereby allowing it to have no minimum number of component securities.

The Exchange proposes to require that a Municipal Securities Index contain at least 500 component securities. The Exchange believes that such requirement will ensure that a Municipal Securities index is sufficiently broad-based and diversified to make it less susceptible to manipulation.

The Exchange proposes that the quantitative requirements described above would apply to a Municipal

¹⁰ See *Id.* at 3 and accompanying Footnote 11. Blackrock stated “Our empirical analysis indicated that: (1) Given the over-the-counter dealer-centric market for municipal bonds, the bid-ask spread decreases with trade size; therefore, trading many small lots to move matrix prices is likely to be costly; (2) large trades move prices significantly and this effect is incorporated into prices quickly; for manipulation to work by affecting bond prices, the trades must be large, implying greater dollar cost and more likelihood of detection even if markets were segmented; (3) while pricing agents apply matrix pricing techniques to value non-traded bonds, the effect is likely too small to permit price

manipulation of the corresponding index or ETF; and (4) market participants will use all intraday data to come up with their own valuations independently of pricing providers; ultimately, the price of an ETF at a point in time reflects these estimates in a manner that balances supply and demand.”

¹¹ See Securities Exchange Act Release No. 84049 (September 6, 2018), 83 FR 46228 (September 12, 2018) (SR–NYSEArca–2018–38) (order approving, among other things, revisions to the continued listing criteria applicable to the iShares New York AMT-Free Muni Bond ETF).

¹² Rule 405 under the Securities Act of 1933 defines an affiliate as a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with such person. Control, for this purpose, is the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

¹³ See Section 3(a)(12) of the Securities Exchange Act of 1934.

Securities index underlying a series of Units on both an initial and continued basis.

The Exchange proposes to amend Commentary .03 to NYSE Arca Rule 5.2–E(j)(3) to specify that the Exchange may approve a series of Units for listing based on a combination of indexes, including an index of Municipal Securities. To the extent that an index of Municipal Securities is included in a combination, proposed Commentary .03 will specify that the Municipal Securities index must meet all requirements of Commentary .02A. In addition, Commentary .03 will be amended to specify that requirements related to index dissemination and related continued listing standards will apply to indexes of Municipal Securities. The Exchange notes that a combination index that includes an index of Municipal Securities will not be permitted to seek to provide investment results in a multiple of the direct or inverse performance of such combination index.

Additional Requirements

In addition to the quantitative requirements described above, the Exchange proposes to adopt additional rules related to (i) index methodology and calculation, (ii) dissemination of information, (iii) initial shares outstanding, (iv) hours of trading, (v) surveillance procedures, and (vi) disclosures. Such additional requirements are consistent with the requirements applicable to Units based on an index of U.S. equity securities, global equity securities and fixed-income securities.

The Exchange proposes to adopt Commentary .02A(b) to Rule 5.2–E(j)(3) which will require that (i) if a Municipal Securities index is maintained by a broker-dealer or fund advisor, the broker-dealer or fund advisor shall erect and maintain a “firewall” around the personnel who have access to information concerning changes and adjustments to the index; (ii) the current index value for Units listed pursuant to proposed Commentary .02A(a) will be widely disseminated by one or more major market data vendors at least once per day and if the index value does not change during some or all of the period when trading is occurring on the NYSE Arca Marketplace, the last official calculated index value must remain available throughout NYSE Arca Marketplace trading hours; and (iii) any advisory committee, supervisory board, or similar entity that advises a Reporting

Authority¹⁴ or that makes decisions on the index composition, methodology and related matters, must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the applicable Municipal Securities index.

The Exchange proposes to adopt Commentary .02A(c) which will require that one or more major market data vendors shall disseminate for each series of Units based on an index or portfolio of Municipal Securities an estimate, updated at least every 15 seconds during the Core Trading Session, of the value of a share of each series (the “Intraday Indicative Value”). The Intraday Indicative Value may be based, for example, upon current information regarding the required deposit of securities and cash amount to permit creation of new shares of the series or upon the index value. The Intraday Indicative Value may be calculated by the Exchange or by an independent third party throughout the day using prices obtained from independent market data providers or other independent pricing sources such as a broker-dealer or price evaluation services. If the Intraday Indicative Value does not change during some or all of the period when trading is occurring on the Exchange, then the last official calculated Intraday Indicative Value must remain available throughout Exchange trading hours.

The Exchange proposes to adopt Commentary .02A(d) stating that a minimum of 100,000 shares of a series of Units will be required to be outstanding at commencement of trading.

The Exchange proposes to adopt Commentary .02A(e) stating that the hours of trading for the Units will be as specified in NYSE Arca Rule 7.34–E(a).

The Exchange proposes to adopt Commentary .02A(f) specifying that Units that are listed or traded pursuant to unlisted trading privileges will be subject to the Exchange’s written surveillance procedures.

Pursuant to NYSE Arca Rule 5.2–E(j)(3)(A)(v), the Exchange will obtain a representation from an issuer of Units based on an index of Municipal Securities that the net asset value per share of the series will be calculated daily and will be made available to all market participants at the same time.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement

under Section 6(b)(5)¹⁵ 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 Units listed pursuant to proposed NYSE Arca Rule 5.2–E(j)(3), Commentary .02A will be subject to the existing trading surveillances, administered by FINRA on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws. The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws. FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares with other markets that are members of the ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. FINRA also can access data obtained from the MSRB relating to municipal bond trading activity for surveillance purposes in connection with trading in the Shares. FINRA, on behalf of the Exchange, is able to access, as needed, trade information for certain fixed income securities held by a Fund reported to FINRA’s TRACE.

Pursuant to proposed Commentary .02A(b), if the index is maintained by a broker-dealer or fund advisor, the broker-dealer or fund advisor shall erect and maintain a “firewall” around the personnel who have access to information concerning changes and adjustments to the index. Further, any advisory committee, supervisory board, or similar entity that advises a Reporting Authority or that makes decisions on the index composition, methodology and related matters, must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the applicable index.

The index value of a series of Units listed pursuant to proposed Commentary .02A will be widely disseminated by one or more major market data vendors at least once per day and if the index value does not change during some or all of the period

¹⁴ The term “Reporting Authority” has the meaning given to it in NYSE Arca Rule 5.1–E(b)(16).

¹⁵ 15 U.S.C. 78f(b)(5).

when trading is occurring on the Exchange, the last official calculated index value must remain available throughout Exchange trading hours. In addition, the IIV for the Units will be disseminated by one or more major market data vendors, updated at least every 15 seconds during the Exchange's Core Trading Session.

The Exchange believes that the proposed listing standard will ensure that indices underlying a series of Units are sufficiently well-diversified to protect against index manipulation. On an initial and continuous basis, each index will contain at least 500 component securities. In addition, on an initial and continued basis, at least 90% of the Municipal Securities portion of the weight of the index or portfolio each shall have a minimum original principal amount outstanding of at least \$5 million and have been issued as part of a transaction of at least \$20 million. Further, on an initial and continued basis, no component Municipal Security shall represent more than 10% of the Municipal Securities portion of the weight of the index or portfolio, and the five most heavily weighted component Municipal Securities in an index or portfolio shall not in the aggregate account for more than 30% of the Municipal Securities portion of the weight of such index or portfolio. Lastly, on an initial and continued basis, an underlying index or portfolio must include a minimum of 13 non-affiliated issuers. The Exchange believes that this significant diversification and the lack of concentration among constituent securities provides a strong degree of protection against index manipulation.

In addition, the Exchange represents that Units listed to the proposed generic listing rule will comply with all other requirements applicable to Units including, but not limited to, the applicable rules governing the trading of equity securities, trading hours, trading halts, surveillance, information barriers and the Information Bulletin to ETP Holders, as set forth in Exchange rules applicable to Units.

The Exchange believes that its proposed amendments to Commentary .03 are consistent with the Act because any index of Municipal Securities included in a combination index will be required to meet the requirements of proposed Commentary .02A. In addition, such index will be required to meet the index dissemination and continued listing requirements of Commentary .03. Lastly, a combination index that includes an index of Municipal Securities will not be permitted to seek to provide investment

results in a multiple of the direct or inverse performance of such combination index.

In support of its proposed rule change, the Exchange notes that the Commission has previously approved the listing and trading of several series of Units where the underlying Municipal Securities index required that component securities representing at least 90% of the weight of the index have a minimum original principal amount outstanding of at least \$5 million and have been issued as part of a transaction of at least \$20 million.¹⁶ Further, the Exchange notes that the other elements of the proposed rule are each the same or more restrictive than the generic listing rules applicable to Units based on an index of fixed-income securities. The Exchange, therefore, believes that indices underlying a series of Units listed pursuant to the proposed generic rules will be sufficiently broad-based to deter potential manipulation.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest. The Exchange believes that a large amount of information will be publicly available regarding Units listed pursuant to the proposed rule, thereby promoting market transparency. As described above, the IIV will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Exchange's Core Trading Session. The current value of an index underlying a series of Units will be disseminated by one or more major market data vendors at least once per day. Information regarding market price and trading volume of the Units 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. 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 Units. If the Exchange becomes aware that the NAV is not being disseminated to all market participants at the same time, it will halt trading in the Units until such time as the NAV is available to all market participants. With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Units. Trading also may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Units

inadvisable. If the IIV or the index values are not being disseminated as required, the Exchange may halt trading during the day in which the interruption to the dissemination of the applicable IIV or an index value occurs. If the interruption to the dissemination of the applicable IIV or an index value persists past the trading day in which it occurred, the Exchange will halt trading. Trading in Shares of the Funds will be halted if the circuit breaker parameters in NYSE Arca Rule 7.12-E have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Units inadvisable. In addition, investors will have ready access to information regarding the IIV, and quotation and last sale information for the Units.

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 exchange-traded products based on municipal bond indexes that will enhance competition among market participants, to the benefit of investors and the marketplace. The Exchange has in place surveillance procedures relating to trading in the Units 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, investors will have ready access to information regarding the IIV and quotation and last sale information for the Units. Trade price and other information relating to municipal bonds is available through the MSRB's EMMA system.

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

The Exchange does not believe that its proposal would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that the proposed rule change will facilitate the listing and trading of Units based on an index of Municipal Securities which will enhance competition among market participants, to the benefit of investors and the marketplace.

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

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

¹⁶ See note 10[sic], *infra* [sic].

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 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 Number SR-NYSEArca-2019-04 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.
- All submissions should refer to File Number SR-NYSEArca-2019-04. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for

inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEArca-2019-04 and should be submitted on or before March 20, 2019.

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

Eduardo A. Aleman,
Deputy Secretary.

[FR Doc. 2019-03331 Filed 2-26-19; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-363, OMB Control No. 3235-0413]

Proposed Collection; Comment Request

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

Extension:

Rule 17Ad-16

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) ("PRA"), the Securities and Exchange Commission ("Commission") is soliciting comments on the existing collection of information provided for in Rule 17Ad-16 (17 CFR 240.17Ad-16) under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*). The Commission plans to submit this existing collection of information to the Office of Management and Budget ("OMB") for extension and approval.

Rule 17Ad-16 requires a registered transfer agent to provide written notice to the appropriate qualified registered securities depository when assuming or terminating transfer agent services on behalf of an issuer or when changing its name or address. In addition, transfer agents that provide such notice shall maintain such notice for a period of at least two years in an easily accessible place. This rule addresses the problem of certificate transfer delays caused by transfer requests that are directed to the wrong transfer agent or the wrong address.

We estimate that the transfer agent industry submits 11,006 Rule 17Ad-16 notices per year to appropriate qualified registered securities depositories. The staff estimates that the average amount of time necessary to create and submit each notice is approximately 15 minutes per notice. Accordingly, the estimated total industry burden is 2,752 hours per year (15 minutes multiplied by 11,006 notices filed annually rounded up from 2,751.5 to 2,752).

Because the information needed by transfer agents to properly notify the appropriate registered securities depository is readily available to them and the report is simple and straightforward, the cost is relatively minimal. The average internal compliance cost to prepare and send a notice is approximately \$70.75 (15 minutes at \$283 per hour).¹ This yields an industry-wide internal compliance cost estimate of \$778,675 (11,006 notices multiplied by \$70.75 per notice rounded up from \$778,674.5 to \$778,675).

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's estimates of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

Please direct your written comments to: Charles Riddle, Director/Chief Information Officer, Securities and Exchange Commission, c/o Candace Kenner, 100 F Street NE, Washington, DC 20549, or send an email to: PRA_Mailbox@sec.gov.

¹ The estimated hourly wages used in this analysis were derived from reports prepared by the Securities Industry and Financial Markets Association. See Securities Industry and Financial Markets Association, Office Salaries in the Securities Industry—2013 (2013), modified to account for an 1800-hour work year and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead.

¹⁷ 17 CFR 200.30-3(a)(12).