become effective pursuant to 19(b)(3)(A) of the Act [19] and Rule 19b–4(f)(6) [20] thereunder.

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

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule 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–MIAX–2017–49 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–MIAX–2017–49. 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–MIAX–2017–49 and should be submitted on or before January 18, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[21]

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2017–28080 Filed 12–27–17; 8:45 am]

BILLING CODE 8011–01–P

[19] 15 U.S.C. 78s(b)(3)(A).

[20] 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

[21] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–82381; File No. SR–NYSE–2017–69]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rules Relating to Investment Company Units, Index-Linked Securities and Managed Trust Securities

December 21, 2017.

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 December 15, 2017, New York Stock Exchange LLC (''NYSE'' or the ''Exchange'') 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 (1) to amend Supplementary Material .01 and .02 to NYSE Rule 5.2(j)(3) to provide for the inclusion of cash in an index underlying a series of Investment Company Units, which amendments conform to amendments to NYSE Arca Rule 5.2–E(j)(3) previously approved by the Securities and Exchange Commission (''Commission''); (2) to amend NYSE Rule 5.2(j)(6) to exclude Investment Company Units, securities defined in Section 2 of NYSE Rule 8P (Trading of Certain Exchange Traded Products) and Index-Linked Securities when applying the quantitative generic listing criteria applicable to Equity Index-Linked Securities, which amendments conform to amendments to NYSE Arca 5.2–E(j)(6) previously approved by the Commission; and (3) to amend NYSE Rule 8.700 (''Managed Trust Securities'') to permit the use of swaps on stock indices, fixed income indices, commodity indices, commodities, currencies, currency indices, or interest rates, and to add EURO STOXX 50 Volatility Index (VSTOXX®) futures and swaps on VSTOXX to the financial instruments that an issue of Managed Trust Securities may hold, which amendments conform to amendments to NYSE Arca Rule 8.700–E previously approved by the Commission. The proposed rule 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

The Exchange proposes (1) to amend Supplementary Material .01 and .02 to NYSE Rule 5.2(j)(3) to provide for the inclusion of cash in an index underlying a series of Investment Company Units (''Units''), which amendments conform to amendments to NYSE Arca Rule 5.2–E(j)(3) previously approved by the

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

[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.

Securities and Exchange Commission (''Commission''); [4] (2) to amend NYSE Rule 5.2(j)(6) to exclude Investment Company Units, securities defined in Section 2 of NYSE Rule 8P (Trading of Certain Exchange Traded Products) and Index-Linked Securities when applying the quantitative generic listing criteria applicable to Equity Index-Linked Securities, which amendments conform to amendments to NYSE Arca 5.2–E(j)(6) previously approved by the Commission; [5] and (3) to amend NYSE Rule 8.700 (''Managed Trust Securities'') to permit the use of swaps on stock indices, fixed income indices, commodity indices, commodities, currencies, currency indices, or interest rates, and to add VSTOXX futures and swaps on VSTOXX to the financial instruments that an issue of Managed Trust Securities may hold, which amendments conform to amendments to NYSE Arca Rule 8.700–E previously approved by the Commission.[6]

Amendments to NYSE Rule 5.2(j)(3)

NYSE Rule 5.2(j)(3) permits the trading, whether by listing or pursuant to unlisted trading privileges (''UTP'') of Units. The Exchange proposes to amend Supplementary Material .01 and .02 to NYSE Rule 5.2(j)(3) to permit trading of Units based on an index or portfolio that includes cash as a component. While Units, like mutual funds, will generally hold an amount of cash, Rule 5.2(j)(3) currently provides that components of an index or portfolio underlying a series of Units consist of securities—namely, US Component Stocks, Non-US Component Stocks, Fixed Income Securities or a combination thereof. As described below, the proposed amendments to Supplementary Material .01 and .02 to Rule 5.2(j)(3) would permit inclusion of cash as an index or portfolio component.

Currently, Supplementary Material .01(a)(A) provides that an underlying index or portfolio of US Component Stocks [7] must meet specified criteria. The Exchange proposes to amend Supplementary Material .01(a)(A) to provide that the components of an index or portfolio underlying a series of Units may also include cash. In addition, the percentage weighting criteria in Supplementary Material .01(a)(A)(1) through (4) each would be amended to make clear that such criteria would be applied only to the US Component Stocks portion of an index or portfolio. For example, in applying the criteria in proposed Supplementary Material .01(a)(A)(1),[8] if 85% of the weight of an index consists of US Component Stocks and 15% of the index weight is cash, the requirement that component stocks (excluding Exchange Traded Products) that in the aggregate account for at least 90% of the weight of the US Component Stocks portion of the index or portfolio (excluding such Exchange Traded Products) each will have a minimum market value of $75 million minimum would be applied only to the 85% portion consisting of US Component Stocks.

Supplementary Material .01 (a)(B), which relates to international or global indexes or portfolios, would be amended to provide that components of an index or portfolio underlying a series of Units may consist of (a) only Non-US Component Stocks, (b) Non-US Component Stocks and cash, (c) both US Component Stocks and Non-US Component Stocks, or (d) US Component Stocks, Non-US Component Stocks and cash. In addition, the percentage weighting criteria in Supplementary Material .01(a)(B)(1) through (4) each would be amended to make clear that such criteria would be applied only to the combined US and Non-US Component Stocks portions of an index or portfolio.

Supplementary Material .02 to NYSE Rule 5.2(j)(3) provides generic criteria applicable to trading of Units whose underlying index or portfolio includes Fixed Income Securities.[9] Currently, Supplementary Material .02(a)(1) provides that an underlying index or portfolio must consist of Fixed Income Securities. The Exchange proposes to amend Supplementary Material .02(a)(1) to provide that the index or portfolio may also include cash. In addition, the percentage weighting criteria in Supplementary Material .02(a)(2), (a)(4) and (a)(6) each would be amended to make clear that such criteria would be applied only to the Fixed Income Securities portion of an index or portfolio. For example, in applying the criteria in the proposed amendments to Supplementary Material .01(a)(2),[10] if 90% of the weight of an index or portfolio consists of Fixed Income Securities and 10% of the index weight is cash, the requirement that Fixed Income Security components accounting for at least 75% of the Fixed Income Securities portion of the weight of the index or portfolio each will have a minimum original principal amount outstanding of $100 million would be applied only to the 90% portion consisting of Fixed Income Securities.

The Exchange notes that the Commission has previously approved Exchange rules allowing portfolios held by issues of Managed Fund Shares (actively-managed exchange-traded funds) to include cash.[11] Like the provision in Supplementary Material .01(c) to Rule 8.600, which states that there is no limit to cash holdings by an issue of Managed Fund Shares traded under Supplementary Material .01 to Rule 8.600, there is no proposed limit to the weighting of cash in an index underlying a series of Units. The Exchange believes this is appropriate in that cash does not, in itself, impose investment or market risk.

[4] *See* Securities Exchange Act Release No. 80777 (May 25, 2017) (SR–NYSEArca–2017–30) (order approving proposed rule change to amend Commentary .01 and Commentary.02 to NYSE Arca Equities Rule 5.2(j)(3) to provide for the inclusion of cash in an index underlying a series of Investment Company Units).

[5] *See* Securities Exchange Act Release No. 81442 (August 18, 2017), 82 FR 40178 (August 24, 2017) (SR–NYSEArca–2017–54) (order approving a proposed rule change to amend the generic listing criteria applicable to Equity Index-Linked Securities).

[6] *See* Securities Exchange Act Release Nos. 80254 (March 15, 2017), 82 FR 14548 (March 21, 2017) (SR–NYSEArca–2016–96) (order approving proposed rule change to amend NYSE Arca Equities Rule 8.700 and to list and trade shares of the Managed Emerging Markets Trust under NYSE Arca Equities Rule 8.700); 82066 (November 13, 2017), 82 FR 54434 (November 17, 2017) (SR–NYSEArca–2017–85) (order approving proposed rule change to amend NYSE Arca Rule 8.700–E and to list and trade shares of the ProShares European Volatility Futures ETF).

[7] Rule 5.2(j)(3) defines ''US Component Stock'' as an equity security that is registered under Sections 12(b) or 12(g) of the Act or an American Depositary Receipt, the underlying equity security of which is registered under Sections 12(b) or 12(g) of the Act.

[8] Supplementary Material .01(a)(A)(1) provides that component stocks (excluding Units and Exchange Traded Products) that in the aggregate account for at least 90% of the weight of the US Component Stocks portion of the index or portfolio (excluding Units and securities defined in Section 2 of Rule 8P, collectively ''Exchange Traded Products'') each will have a minimum market value of at least $75 million.

[9] As defined in Supplementary Material .02 to NYSE Rule 5.2(j)(3), Fixed Income Securities are debt securities that are notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, U.S. Department of Treasury securities (''Treasury Securities''), government-sponsored entity securities (''GSE Securities''), municipal securities, trust preferred securities, supranational debt and debt of a foreign country or a subdivision thereof.

[10] Supplementary Material .01(a)(2) provides that 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 will have a minimum original principal amount outstanding of $100 million or more.

[11] *See* Supplementary Material .01(c) to NYSE Rule 8.600, approved in Securities Exchange Act Release No. 80214 (March 10, 2017), 82 FR 14050 (March 16, 2017) (SR–NYSE–2016–44) (order approving proposed rule change to allow the Exchange to trade pursuant to UTP any NMS Stock listed on another national securities exchange; establishing listing and trading requirements for Exchange Traded Products; and adopting new equity trading rules relating to trading halts of securities traded pursuant to UTP on the Pillar platform).

The Exchange believes the proposed amendments, by permitting inclusion of cash as a component of indexes underlying series of Units, would provide issuers of Units with additional choice in indexes permitted to underlie Units that are permitted to trade on the Exchange, which would enhance competition among market participants, to the benefit of investors and the marketplace. In addition, the proposed amendments would provide investors with greater ability to hold Units based on underlying indexes that may accord more closely with an investor's assessment of market risk, in that some investors may view cash as a desirable component of an underlying index under certain market conditions.

Amendments to NYSE Rule 5.2 (j)(6)

The Exchange proposes to amend NYSE Rule 5.2 (j)(6) to exclude Investment Company Units (''Units'') and securities defined in Section 2 of NYSE Rule 8P (collectively, together with Units, ''Derivative Securities Products''),[12] as well as Index-Linked Securities,[13] when applying the quantitative generic listing criteria applicable to Equity Index-Linked Securities.[14]

Equity Index-Linked Securities are securities that provide for the payment at maturity (or earlier redemption) based on the performance of an underlying index or indexes of equity securities, securities of closed end management investment companies registered under the Investment Company Act of 1940 (''1940 Act'') [15] and/or Units.[16] In addition to certain other generic listing criteria, Equity Index-Linked Securities must satisfy the generic quantitative initial and continued listing criteria under NYSE Rule 5.2 (j)(6)(B)(I) in order to become, and continue to be, listed and traded on the Exchange. Certain of the applicable quantitative criteria specify minimum or maximum thresholds that must be satisfied with respect to, for example, market value, trading volume, and dollar weight of the index represented by a single component or groups of components.

The applicable initial quantitative listing criteria include (i) that each underlying index is required to have at least ten component securities; [17] (ii) that each component security has a minimum market value of at least $75 million, except that for each of the lowest dollar weighted component securities in the index that in the aggregate account for no more than 10% of the dollar weight of the index, the market value can be at least $50 million; (iii) that component stocks that in the aggregate account for at least 90% of the weight of the index each have a minimum global monthly trading volume of 1,000,000 shares, or minimum global notional volume traded per month of $25,000,000, averaged over the last six months; (iv) that no underlying component security represents more than 25% of the dollar weight of the index, and the five highest dollar weighted component securities in the index do not in the aggregate account for more than 50% of the dollar weight of the index (60% for an index consisting of fewer than 25 component securities); and (v) that 90% of the index's numerical value and at least 80% of the total number of component securities meet the then current criteria for standardized option trading set forth in NYSE Arca Rule 5.3–O; except that an index will not be subject to this last requirement if (a) no underlying component security represents more than 10% of the dollar weight of the index and (b) the index has a minimum of 20 components.[18] The applicable continued quantitative listing criteria require that (1) no single component represent more than 25% of the dollar weight of the index and the five highest dollar weighted components in the index cannot represent more than 50% (or 60% for indexes with less than 25 components) of the dollar weight of the index, need only be satisfied at the time the index is rebalanced; [19] and (2) component stocks that in the aggregate account for at least 90% of the weight of the index each have a minimum global monthly trading volume of 500,000 shares, or minimum global notional volume traded per month of $12,500,000, averaged over the last six months.[20]

The Exchange proposes to amend NYSE Rule 5.2 (j)(6)(B)(I)(1)(a), which provides that each underlying index is required to have at least ten component securities, to provide that there will be no minimum number of component securities if one or more issues of Derivative Securities Products or Index-Linked Securities constitute, at least in part, component securities underlying an issue of Equity Index-Linked Securities. The proposed amendment to NYSE Rule 5.2 (j)(6)(B)(I)(1)(a) also would provide that the securities described in Rule 5.2 (j)(3)) and Section 2 of Rule 8P (that is, Derivative Securities Products), and Rule 5.2 (j)(6) (that is, Index-Linked Securities), as referenced in proposed amended Rule 5.2 (j)(6)(B)(I)(1)(b)(2) and Rule 5.2 (j)(6)(B)(I)(2)(a) would include securities listed on another national securities exchange pursuant to substantially equivalent listing rules.

The Exchange also proposes to exclude Derivative Securities Products and Index-Linked Securities from consideration when determining whether the applicable quantitative generic thresholds have been satisfied under the initial listing standards specified in NYSE Rule 5.2 (j)(6)(B)(I)(1)(b)(i)–(iv) and the continued listing standards specified in NYSE Rules 5.2 (j)(6)(B)(I)(2)(a)(i) and (ii).[21] Thus, for example, when

[12] Units are securities that represent an interest in a registered investment company that could be organized as a unit investment trust, an open-end management investment company, or a similar entity, that holds securities comprising, or otherwise based on or representing an interest in, an index or portfolio of securities or securities in another registered investment company that holds such securities. *See* NYSE Rule 5.2 (j)(3). The following securities currently are included in Section 2 of NYSE Rule 8P: Portfolio Depositary Receipts (Rule 8.100); Trust Issued Receipts (Rule 8.200); Commodity-Based Trust Shares (Rule 8.201); Currency Trust Shares (Rule 8.202); Commodity Index Trust Shares (Rule 8.203); Commodity Futures Trust Shares (Rule 8.204); Partnership Units (Rule 8.300); Paired Trust Shares (Rule 8.400);Trust Units (Rule 8.500); Managed Fund Shares (Rule 8.600); and Managed Trust Securities (Rule 8.700).

[13] Index-Linked Securities are securities that qualify for Exchange listing and trading under NYSE Rule 5.2(j)(6). The securities described in Rule 5.2(j)(3), Rule 5.2(j)(6) and Section 2 of Rule 8P, as referenced above, would include securities listed on another national securities exchange pursuant to substantially equivalent listing rules.

[14] The Commission has approved amendments to NYSE Arca Rule 5.2–E(j)(6) that are substantially identical to those proposed herein. *See* Securities Exchange Act Release No. 81442 (August 18, 2017), 82 FR 40178 (August 24, 2017) (SR–NYSEArca–2017–54) (order approving a proposed rule change to amend the generic listing criteria applicable to Equity Index-Linked Securities).

[15] 15 U.S.C. 80–1.

[16] *See* Rule 5.2(j)(6)(B)(I)(1).

[17] *See* Rule 5.2 (j)(6)(B)(I)(1)(a).

[18] *See* Rule 5.2 (j)(6)(B)(I)(1)(b)(i)–(iv).

[19] *See* Rule 5.2 (j)(6)(B)(I)(2)(a)(i).

[20] *See* Rule 5.2 (j)(6)(B)(I)(2)(a)(ii).

[21] NYSE Rules 5.2 (j)(6)(B)(I)(2)(a)(i) and (ii) provide that the Exchange will maintain surveillance procedures for securities listed under Rule 5.2 (j)(6) and may halt trading in such securities and will initiate delisting proceedings pursuant to Rule 5.5(m) (unless the Commission has approved the continued trading of the subject Index-Linked Security), if any of the standards set forth in Rules 5.2 (j)(6)(B)(I)(1)(a) and 5.2 (j)(6)(B)(I)(1)(b)(2) are not continuously maintained, except that: (i) The criteria that no single component represent more than 25% of the dollar weight of the index and the five highest dollar weighted components in the index cannot represent more than 50% (or 60% for indexes with less than 25 components) of the dollar weight of the index, need only be satisfied at the time the index is rebalanced (Rule 5.2 (j)(6)(B)(I)(2)(a)(i)), and (ii) component stocks that in the aggregate account for at least 90% of the weight of the index each will have a minimum global monthly trading volume of 500,000 shares, or minimum global notional volume traded per month of $12,500,000, averaged over the last six months (Rule 5.2 (j)(6)(B)(I)(2)(a)(ii)).

determining compliance with NYSE Rule 5.2 (j)(6)(B)(I)(1)(b)(ii), component stocks, excluding Derivative Securities Products or Index-Linked Securities, that in the aggregate account for at least 90% of the remaining index weight would be required to have a minimum global monthly trading volume of 1 million shares, or minimum global notional volume traded per month of 25 million, averaged over the last six months.

The Exchange proposes further to provide that the weighting limitation for the five highest weighted component securities in an index in NYSE Rules 5.2 (j)(6)(B)(I)(1)(b)(iii) and 5.2 (j)(6)(B)(I)(2)(a)(i) would apply ''to the extent applicable.'' [22] When considered in conjunction with the proposed amendment to NYSE Rule 5.2 (j)(6)(B)(I)(1)(a) referenced above, this language would make clear that an index that includes Derivative Securities Products or Index-Linked Securities may include fewer than five component securities.

The Exchange believes that it is appropriate to exclude Derivative Securities Products and Index-Linked Securities from the generic listing and continued listing criteria specified above for Equity Index-Linked Securities because Derivative Securities Products and Index-Linked Securities that may be included in an index or portfolio underlying a series of Equity Index-Linked Securities are themselves subject to specific initial and continued listing requirements of the exchange on which they are listed. Also, Derivative Securities Products and Index-Linked Securities would have been listed and traded on an exchange pursuant to a filing submitted under Sections 19(b)(2) or 19(b)(3)(A) of the Act,[23] or would have been listed by an exchange pursuant to the requirements of Rule 19b–4(e) under the Act.[24] Derivative Securities Products and Index-Linked Securities are derivatively priced, and, therefore, the Exchange does not believe that it is necessary to apply the generic quantitative criteria (*e.g.,* market capitalization, trading volume, or component weighting) applicable to securities that are not Derivative Securities Products or Index-Linked Securities (*e.g.,* common stocks) to such products. Finally, by way of comparison, Derivative Securities Products are excluded from consideration when determining whether the components of Units satisfy the applicable listing criteria in Rule 5.2 (j)(3),[25] and both Derivative Securities Products and Index-Linked Securities are excluded from the applicable listing criteria for Managed Fund Shares holding equity securities in Supplementary Material .01 to Rule 8.600.[26]

The Exchange also proposes (1) to replace ''investment company units'' with ''Investment Company Units'' in two places in NYSE Rule 5.2 (j)(6)(B)(I)(1) in order to conform to other usages of this term in Exchange rules; and (2) to replace the word ''Index'' with ''index'' in two places in Rule 5.2 (j)(6)(B)(I)(2)(a)(i) to conform to other usages of this word in Rule 5.2 (j)(6)(B)(I)(2).

Amendments to NYSE Rule 8.700

NYSE Rule 8.700 permits the trading, whether by listing or pursuant to UTP, of Managed Trust Securities pursuant to UTP. The Exchange proposes to amend NYSE Rule 8.700 to permit the use of swaps on stock indices, fixed income indices, commodity indices, commodities, currencies, currency indices, or interest rates, and to add VSTOXX futures and swaps on VSTOXX to the financial instruments that an issue of Managed Trust Securities may hold. The proposed amendments are substantially identical to amendments to NYSE Arca Rule 8.700–E approved by the Commission for issues of Managed Trust Securities listed and traded on NYSE Arca, Inc.[27]

The Exchange proposes to amend NYSE Rule 8.700(c)(1) to specify that the trust issuing a series of Managed Trust Securities, or any series of such trust, is not registered or required to be registered as an investment company. This change makes clear that issuers of Managed Trust Securities are not investment companies under the 1940 Act, and, therefore, distinguishes issuances of Managed Trust Securities from, for example, Managed Fund Shares traded pursuant to NYSE Rule 8.600 or Investment Company Units traded pursuant to NYSE Rule 5.2(j)(3).

Permitting the use of swaps as referenced above would provide additional flexibility to an issuer of Managed Trust Securities seeking to achieve its investment objective. For example, because the markets for certain futures contracts may be unavailable or cost prohibitive as compared to other derivative instruments, swaps may be an efficient alternative for an issuer of Managed Trust Securities to obtain the desired asset exposure. Additionally, swaps would allow parties to replicate desired returns. As such, the increased flexibility afforded by the ability of an issuer of Managed Trust Securities to use swaps may enhance investor returns by facilitating the ability to more economically seek its investment objective, thereby reducing the costs incurred by such issuer. Permitting the use of such futures would provide additional flexibility to an issuer of Managed Trust Securities seeking to achieve its investment objective by allowing such issuer to gain additional asset exposure to currencies and commodities. The Exchange also proposes to amend NYSE Rule 8.700(c)(1) to specify cash and cash equivalents as permitted trust holdings. Such instruments would be held, as needed, to secure a trust's trading obligations with respect to its positions in other financial instruments.

With respect to adding futures or swaps on VSTOXX to the financial instruments in which an issue of Managed Trust Securities may hold, the Exchange believes that the proposed amendment to will provide investors with the ability to better diversify and hedge their portfolios using an exchange traded security without having to trade directly in underlying futures contracts, and will facilitate the listing and trading on the Exchange of additional Managed Trust Securities that will enhance competition among market participants, to the benefit of investors and the marketplace.[28]

2. Statutory Basis

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

[22] The phrase ''to the extent applicable'' also is included in Supplementary Material .01(a)(A)(3) to NYSE Rule 5.2 (j)(3) for Investment Company Units and Supplementary Material .01(a)(1)(C) to NYSE Rule 8.600 for Managed Fund Shares.

[23] 15 U.S.C. 78s(b)(2); 15 U.S.C. 78s(b)(3)(A).

[24] 17 CFR 240.19b–4(e).

[25] *See* Supplementary Material .01 to NYSE Rule 5.2 (j)(3). *See also,* Securities Exchange Act Release No. 57751 (May 1, 2008), 73 FR 25818 (May 7, 2008) (SR–NYSEArca–2008–29) (order approving amendments to the eligibility criteria for components of an index underlying Investment Company Units).

[26] *See* Supplementary Material .01 to NYSE Rule 8.600. *See also,* Securities Exchange Act Release No. 78397 (July 22, 2016), 81 FR 49320 (July 27, 2016) (SR–NYSEArca–2015–110) (order approving amendments to NYSE Arca Equities Rule 8.600 to adopt generic listing standards for Managed Fund Shares).

[27] *See* note 6, *supra.*

[28] The VSTOXX is based on EURO STOXX 50 Index (''Index'') real-time option prices that are listed on the Eurex Exchange and are designed to reflect the market expectations of near-term up to long-term volatility by measuring the square root of the implied variances across all options of a given time to expiration. The Index includes 50 stocks that are among the largest free-float market capitalization stocks from 11 Eurozone countries. For additional information regarding VSTOXX, see Securities Exchange Act Release No. 82066 (November 13, 2017), 82 FR 54434 (November 17, 2017) (SR–NYSEArca–2017–85) (order approving proposed rule change to amend NYSE Arca Rule 8.700–E and to list and trade shares of the ProShares European Volatility Futures ETF).

under Section 6(b)(5) [29] 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 proposed rule changes are designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest. The basis under the Exchange Act for this proposed rule change is the requirement under Section 6(b)(5) 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.

With respect to the proposed amendments to NYSE Rule 5.2(j)(3), the Exchange notes that, as described above, the percentage weighting criteria in Supplementary Material .01(a)(B)(1) through (4) to Rule 5.2(j)(3) each would be amended to make clear that such criteria would be applied only to the combined US and Non-US Component Stocks portions of an index or portfolio. The percentage weighting criteria in Supplementary Material .02(a)(2), (a)(4) and (a)(6) to NYSE Rule 5.2(j)(3) each would be amended to make clear that such criteria would be applied only to the Fixed Income Securities portion of an index or portfolio. Such applications of the proposed amendments would assure that the weighting requirements in Supplementary Material .01 and .02 would continue to be applied only to securities in an index or portfolio, and would not be diluted as a result of inclusion of a cash component. In addition, the addition of cash as a permitted component of indexes underlying Units traded on the Exchange pursuant to Rule 19b–4(e) does not raise regulatory issues because cash does not, in itself, impose investment or market risk and is not susceptible to manipulation.

The Exchange believes these proposed amendments to NYSE Rule 5.2(j)(3), by permitting inclusion of cash as a component of indexes underlying series of Units, would provide issuers of Units with additional choice in indexes permitted to underlie Units that are permitted to trade on the Exchange pursuant to UTP, which would enhance competition among market participants, to the benefit of investors and the marketplace. In addition, the proposed amendments would provide investors with greater ability to hold Units based on underlying indexes that may accord more closely with an investor's assessment of market risk.

With respect to the proposed amendments to NYSE Rule 5.2(j)(6), the Exchange believes that the proposed change would facilitate the listing and trading of additional types of Equity Index-Linked Securities, which would enhance competition among market participants, to the benefit of investors and the marketplace. The proposed change would also result in greater efficiencies in the listing process with respect to Equity Index-Linked Securities by eliminating an unnecessary consideration regarding underlying components, which would therefore remove impediments to, and perfect the mechanism of, a free and open market. In addition, the proposed amendment to the Equity Index-Linked Securities listing criteria is intended to protect investors and the public interest in that it is consistent with the manner in which Derivative Securities Products are also excluded from consideration when determining whether the components of an index or portfolio underlying an issue of Units satisfy the applicable listing criteria,[30] and both Derivative Securities Products and Index-Linked Securities are excluded from the applicable listing criteria for Managed Fund Shares holding equity securities in Supplementary Material .01 to Rule 8.600.[31] Additionally, Equity Index-Linked Securities would remain subject to all existing listing standards, thereby maintaining existing levels of investor protection. The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices because the Equity Index-Linked Securities would continue to be listed and traded on the Exchange pursuant to the initial and continued listing criteria in Rule 5.2 (j)(6). Further, the proposed change would not impact the existing listing process for Derivative Securities Products and Index-Linked Securities, whereby the exchanges on which such securities are listed must, for example, submit proposed rule changes with the Commission prior to listing and trading.

The Exchange believes that it is appropriate to exclude Derivative Securities Products and Index-Linked Securities from the generic criteria specified above for Equity Index-Linked Securities because Derivative Securities Products and Index-Linked Securities that may be included in an index or portfolio underlying a series of Equity Index-Linked Securities are themselves subject to specific initial and continued listing requirements of the exchange on which they are listed. For example, Units listed and traded on the Exchange are subject to the listing standards specified under NYSE Rule 5.2 (j)(3). Also, such Derivative Securities Products and Index-Linked Securities would have been listed and traded on an exchange pursuant to a filing submitted under Sections 19(b)(2) or 19(b)(3)(A) of the Act,[32] or would have been listed by an exchange pursuant to the requirements of Rule 19b-4(e) under the Act.[33] The Exchange believes that quantitative factors—such as market value, global monthly trading volume, or weighting—when applied to index components (such as common stocks) underlying a series of Equity Index-Linked Securities, are relevant criteria in establishing that such series is sufficiently broad-based to minimize potential manipulation.[34] Derivative Securities Products and Index-Linked Securities, however, are derivatively priced, and, therefore, the Exchange does not believe that it is necessary to apply the generic quantitative criteria applicable to securities that are not Derivative Securities Products and Index-Linked Securities (*e.g.,* common stocks) to such products. Derivative Securities Products are excluded from consideration on NYSE when determining whether the components of Units satisfy the applicable listing criteria,[35] and both Derivative Securities

[29] 15 U.S.C. 78f(b)(5).

[30] *See supra,* note 18.

[31] *See supra,* note 19.

[32] 15 U.S.C. 78s(b)(2); 15 U.S.C. 78s(b)(3)(A).

[33] 17 CFR 240.19b–4(e).

[34] *See, e.g.,* Securities Exchange Act Release No. 54739 (November 9, 2006), 71 FR 66693 (SR–Amex–2006–78) (order approving generic listing standards for Portfolio Depositary Receipts and Index Fund Shares based on international or global indexes), in which the Commission stated that ''these standards are reasonably designed to ensure that stocks with substantial market capitalization and trading volume account for a substantial portion of any underlying index or portfolio, and that when applied in conjunction with the other applicable listing requirements, will permit the listing only of ETFs that are sufficiently broad-based in scope to minimize potential manipulation.''

[35] *See* Supplementary Material .01 to NYSE Rule 5.2 (j)(3). *See also* Securities Exchange Act Release No. 57751 (May 1, 2008), 73 FR 25818 (May 7, 2008) (SR–NYSEArca–2008–29) (order approving amendments to eligibility criteria for components of an index underlying Investment Company Units), in which the Commission noted that ''based on the trading characteristics of Derivative Securities Products, it may be difficult for component Derivative Securities Products to satisfy certain quantitative index criteria, such as the minimum market value and trading volume limitations. However, because Derivative Securities Products are themselves subject to specific initial and continued listing requirements, the Commission

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Products and Index-Linked Securities are excluded from the applicable listing criteria for Managed Fund Shares holding equity securities in Supplementary Material .01 to Rule 8.600. Moreover, for shares of Derivative Securities Products that are not listed on an exchange pursuant to an exchange's generic listing rules, the Commission must first approve an exchange's proposed rule change under Section 19(b) of the Act regarding a particular Derivative Securities Product or Index-Linked Securities, which is subject to the representations and restrictions included in such proposed rule change.

The Exchange also believes it is appropriate to exclude Derivative Securities Products and Index-Linked Securities from the requirement under NYSE Rule 5.2 (j)(6)(B)(I)(1)(b)(iv) that 90% of the applicable index's numerical value and at least 80% of the total number of component securities will meet the criteria for standardized option trading set forth in NYSE Arca Rule 5.3–O. NYSE Arca Rule 5.3–O includes criteria for securities underlying option contracts approved for listing and trading on NYSE Arca. The Exchange does not believe that criteria in NYSE Arca Rule 5.3–O should be applied to Derivative Securities Products and Index-Linked Securities because such securities are subject to separate numerical and other criteria included in the applicable exchange listing rules, including both generic listing rules permitting listing pursuant to Rule 19b–4(e) and non-generic listing rules. Derivative Securities Products and Index-Linked Securities that are the subject of a Commission approval order under Section 19(b) of the Act also are subject to specific representations made in the applicable Rule 19b–4 filing. These include representations regarding the existence of comprehensive surveillance agreements between the applicable exchange and the principal markets for certain financial instruments underlying Derivative Securities Products, or percentage limitations on assets (*e.g.,* non-U.S. stocks, futures and options) whose principal market is not a member of the Intermarket Surveillance Group (''ISG'').[36]

The Exchange believes it is appropriate to provide that the weighting limitation for the five highest weighted component securities in an index in NYSE Rules 5.2 (j)(6)(B)(I)(1)(b)(iii) and 5.2 (j)(6)(B)(I)(2)(a)(i) would apply ''to the extent applicable.'' When considered in conjunction with the proposed amendment to NYSE Rule 5.2 (j)(6)(B)(I)(1)(a) referenced above, this language would make clear that an index that includes Derivative Securities Products or Index-Linked Securities may include fewer than five component securities. In addition, the phrase ''to the extent applicable'' is included in Supplementary Material .01(a)(A)(3) to NYSE Rule 5.2 (j)(3) for Investment Company Units and Supplementary Material .01(a)(1)(C) to NYSE Rule 8.600 for Managed Fund Shares.

The proposed replacement of ''investment company units'' with ''Investment Company Units'' in two places in NYSE Rule 5.2 (j)(6)(B)(I)(1) is appropriate as such changes conform to other usages of this term in Exchange rules. The proposed replacement of the word ''Index'' with ''index'' in two places in Rule 5.2 (j)(6)(B)(I)(2)(a)(i) is appropriate as such changes would conform to other usages of this word in Rule 5.2 (j)(6)(B)(I)(2).

The proposed amendment to NYSE Rule 8.700(c)(1) to specify that the trust issuing a series of Managed Trust Securities is not an investment company or similar entity makes clear that issuers of Managed Trust Securities are not investment companies under the 1940 Act, and, therefore, distinguishes issuances of Managed Trust Securities from, for example, Managed Fund Shares traded under NYSE Rule 8.600 or Investment Company Units traded under NYSE Rule 5.2(j)(3). In permitting the use of specified swaps, the proposed amendment to NYSE Rule 8.700 would provide additional flexibility to an issuer of Managed Trust Securities seeking to achieve its investment objective. Additionally, swaps would allow parties to replicate desired returns. As such, the increased flexibility afforded by the ability of an issuer of Managed Trust Securities to use swaps may enhance investor returns by facilitating the ability to more economically seek its investment objective, thereby reducing the costs incurred by such issuer. The Exchange's proposal to amend NYSE Rule 8.700(c)(1) to specify cash and cash equivalents as permitted trust holdings is appropriate in that such holdings would be held, as needed, to secure its trading obligations with respect to its positions in other financial instruments, and, therefore, may assist a trust in fulfilling its investment objective. Permitting the use of futures on currency indices and commodity indices would provide additional flexibility to an issuer of Managed Trust Securities seeking to achieve its investment objective by allowing such issuer to gain additional asset exposure to currencies and commodities. With respect to adding futures or swaps on VSTOXX to the financial instruments in which an issue of Managed Trust Securities may hold, the Exchange believes that the proposed amendment to will provide investors with the ability to better diversify and hedge their portfolios using an exchange traded security without having to trade directly in underlying futures contracts.

The Exchange has in place surveillance procedures that are adequate to properly monitor trading in Investment Company Units, Index-Linked Securities and Managed Trust Securities in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws. Such procedures will continue to be adequate to properly monitor trading in Investment Company Units, Index-Linked Securities and Managed Trust Securities in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws following implementation of the rule changes proposed in this filing. Investment Company Units, Index-Linked Securities and Managed Trust Securities listed and traded pursuant to NYSE Rules 5.2(j)(3), 5.2 (j)(6) and 8.700, respectively, are included within the definition of ''security'' or ''securities'' as such terms are used in the Exchange rules and, as such, are subject to Exchange rules and procedures that currently govern the trading of securities on the Exchange. Trading in the securities will be halted under the conditions specified in NYSE Rules 5.5(g)(2)(b), 5.2 (j)(6)(E) and 8.700(e)(2)(D), respectively.

For these reasons, the Exchange believes that the proposal is consistent with the Act.

believes that it would be reasonable to exclude Derivative Securities Products, as components, from certain index component eligibility criteria for [Investment Company] Units.''

[36] *See, e.g.,* Securities Exchange Act Release No. 76719 (December 21, 2015), 80 FR 80859 (December 28, 2015) (order approving Exchange listing and trading of shares of the Guggenheim Total Return Bond ETF (''Fund'') under NYSE Arca Equities Rule 8.600), which filing stated: ''Not more than 10% of the net assets of the Fund in the aggregate invested in equity securities (other than non-exchange-traded investment company securities) will consist of equity securities whose principal market is not a member of the ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement. In addition, not more than 10% of the net assets of the Fund in the aggregate invested in futures contracts or exchange-traded options contracts will consist of futures contracts or exchange-traded options contracts whose principal market is not a member of ISG or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement.''

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Act. The Exchange believes the proposed rule change will enhance competition by permitting Exchange trading of additional types of Units, Index-Linked Securities and Managed Trust Securities, which would enhance competition among market participants, to the benefit of investors and the marketplace.

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

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

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act [37] and Rule 19b–4(f)(6) thereunder.[38] Because the proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b–4(f)(6)(iii) thereunder.[39]

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B) [40] of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule 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–NYSE–2017–69 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–NYSE–2017–69. 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–NYSE–2017–69 and should be submitted on or before January 18, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[41]

Eduardo A. Aleman,

Assistant Secretary.

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[37] 15 U.S.C. 78s(b)(3)(A)(iii).

[38] 17 CFR 240.19b–4(f)(6).

[39] 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

[40] 15 U.S.C. 78s(b)(2)(B).

[41] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–82389; File No. SR–CboeBZX–2017–016]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Rule 21.5, Minimum Increments, To Extend the Penny Pilot Program

December 22, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on December 14, 2017, Cboe BZX Exchange, Inc. (the ''Exchange'' or ''BZX'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a ''non-controversial'' proposed rule change pursuant to Section 19(b)(3)(A) of the Act [3] and Rule 19b–4(f)(6)(iii) thereunder,[4] which renders it effective upon filing with the Commission. 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 filed a proposal for the BZX Options Market (''BZX Options'') to extend through June 30, 2018, the Penny Pilot Program (''Penny Pilot'') in options classes in certain issues (''Pilot Program'') previously approved by the Commission.[5]

The text of the proposed rule change is available at the Exchange's website at *www.markets.cboe.com,* at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

[2] 17 CFR 240.19b–4.

[3] 15 U.S.C. 78s(b)(3)(A).

[4] 17 CFR 240.19b–4(f)(6)(iii).

[5] The rules of BZX Options, including rules applicable to BZX Options' participation in the Penny Pilot, were approved on January 26, 2010. *See* Securities Exchange Act Release No. 61419 (January 26, 2010), 75 FR 5157 (February 1, 2010) (SR–BATS–2009–031). BZX Options commenced operations on February 26, 2010.