Exchange notes that this functionality is already available on other exchanges. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because it will allow the Exchange's Clearing Members to monitor and manage potential risks in a timely manner. Therefore, the Commission hereby waives the 30-day operative delay and designates the proposed rule change to be operative upon filing with the Commission.[21]

At any time within 60 days of the filing of the proposed rule change, the Commission may summarily temporarily suspend such rule change if it appears to the Commission that such action is: (1) Necessary or appropriate in the public interest; (2) for the protection of investors; or (3) 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 proposal 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–BATS–2015–22 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–BATS–2015–22. 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 Web site (*http://www.sec.gov/rules/sro.shtml*). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–BATS–2015–22 and should be submitted on or before April 17, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[22]

Brent J. Fields,

Secretary.

[FR Doc. 2015–06994 Filed 3–26–15; 8:45 am]

BILLING CODE 8011–01–P

[21] For purposes only of waiving the operative delay for this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

[22] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–74562; File No. SR–NYSEArca–2015–15]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change Relating to Listing and Trading of Shares of Principal EDGE Active Income ETF Under NYSE Arca Equities Rule 8.600

March 23, 2015.

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 March 12, 2015, NYSE Arca, Inc. (the "Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to list and trade shares of the following under NYSE Arca Equities Rule 8.600 ("Managed Fund Shares"): Principal EDGE Active Income ETF. The text of the proposed rule change is available on the Exchange's Web site 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 to list and trade shares ("Shares") of the following under NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares[4] on the Exchange:[5] Principal EDGE Active Income ETF (the "Fund").

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

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

[3] 17 CFR 240.19b–4.

[4] A Managed Fund Share is a security that represents an interest in an investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a–1) ("1940 Act") organized as an open-end investment company or similar entity that invests in a portfolio of securities selected by its investment adviser consistent with its investment objectives and policies. In contrast, an open-end investment company that issues Investment Company Units, listed and traded on the Exchange under NYSE Arca Equities Rule 5.2(j)(3), seeks to provide investment results that correspond generally to the price and yield performance of a specific foreign or domestic stock index, fixed income securities index or combination thereof.

[5] The Commission has previously approved listing and trading on the Exchange of actively managed funds under Rule 8.600. *See, e.g.,* Securities Exchange Act Release Nos. 57801 (May 8, 2008), 73 FR 27878 (May 14, 2008) (SR–NYSEArca–2008–31) (order approving Exchange listing and trading of twelve actively-managed funds of the WisdomTree Trust); 66321 (February 3, 2012), 77 FR 6850 (February 9, 2012) (SR–NYSEArca–2011–95) (order approving listing and trading of PIMCO Total Return Exchange Traded Fund); 66670 (March 28, 2012), 77 FR 20087 (April 3, 2012) (SR–NYSEArca–2012–09) (order approving

Continued

The Fund is a series of the Principal Exchange-Traded Funds (''Trust''), a statutory trust organized under the laws of the State of Delaware and registered with the Commission as an open-end management investment company.[6] The investment manager for the Fund will be Principal Management Corporation (the ''Adviser'' or ''PMC''). Principal Global Investors, LLC and Edge Asset Management, LLC will each serve as a sub-adviser and portfolio manager. Principal Global Investors, LLC and Edge Asset Management, LLC are each referred to as a ''Sub-Adviser'' and collectively as the ''Sub-Advisers''. Commentary .06 to Rule 8.600 provides that, if the investment adviser to the investment company issuing Managed Fund Shares is affiliated with a broker-dealer, such investment adviser shall erect a ''fire wall'' between the investment adviser and the broker-dealer with respect to access to information concerning the composition and/or changes to such investment company portfolio.[7] In addition, Commentary .06 further requires that personnel who make decisions on the open-end fund's portfolio composition must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the open-end fund's portfolio. The Adviser and Sub-Advisers are not registered as broker-dealers but are affiliated with three broker-dealers and have implemented and will maintain a fire wall with respect to each such broker-dealer affiliate regarding access to information concerning the composition and/or changes to the portfolios. In the event (a) the Adviser or Sub-Advisers become registered broker-dealers or newly affiliated with one or more broker-dealers, or (b) any new adviser or sub-adviser is a registered broker-dealer or becomes affiliated with a broker-dealer, it will implement a fire wall with respect to its relevant personnel or its broker-dealer affiliate regarding access to information concerning the composition and/or changes to the portfolios, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolios.

Principal EDGE Active Income ETF

Principal Investments

According to the Registration Statement, the Fund will seek to provide current income.

The Fund will invest in a manner designed to provide shareholders with regular cash flow from their investment in the Fund. With regard to each investment category, the Fund will carry out its investment strategy by investing in the securities listed in each investment category below and/or through the purchase of shares issued by U.S. exchange-traded funds (''ETFs'')[8] or other investment companies, including shares in unit investment trusts and open-end investment companies, that invest a majority of their assets in the securities listed in the Principal Investment categories below. The Fund under normal market circumstances[9] will invest a majority of its net assets in the following financial instruments listed in (1) and (2), below:

1. Investment Grade and Non-Investment Grade U.S. and Non-U.S. Fixed Income Securities

Under normal market circumstances, at least 20% but no more than 90% of the Fund's net assets will be invested in investment grade and non-investment grade fixed income securities[10] which will consist of the following: U.S. Treasuries; agency securities;[11] asset-backed securities;[12] residential mortgage-backed securities;[13] commercial mortgage-backed securities;[14] zero-coupon securities; variable and floating rate instruments including inverse floaters;[15] covered securities;[16] sinking fund securities;[17] equipment trust certificates;[18] sovereign bonds;[19] convertible bonds;[20] pay-in-kind securities;[21] step-coupon

listing and trading of PIMCO Global Advantage Inflation-Linked Bond Strategy Fund).

[6] The Trust is registered under the 1940 Act. On February 6, 2015, the Trust filed with the Commission a registration statement on Form N–1A under the Securities Act of 1933 (15 U.S.C. 77a) (''Securities Act'') and the 1940 Act relating to the Fund (File Nos. 333–201935 and 811–23029) (the ''Registration Statement''). The description of the operation of the Trust and the Fund herein is based, in part, on the Registration Statement. In addition, the Commission has issued an order granting certain exemptive relief to the Adviser (as defined herein) under the 1940 Act. *See* Investment Company Act Release No. (30742) [sic] (File No. 812–14136) (''Exemptive Order''). The Fund will be offered in reliance upon the Exemptive Order issued to the Adviser.

[7] An investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 (the ''Advisers Act''). As a result, the Adviser and Sub-Advisers and their related personnel are subject to the provisions of Rule 204A–1 under the Advisers Act relating to codes of ethics. This Rule requires investment advisers to adopt a code of ethics that reflects the fiduciary nature of the relationship to clients as well as compliance with other applicable securities laws. Accordingly, procedures designed to prevent the communication and misuse of non-public information by an investment adviser must be consistent with Rule 204A–1 under the Advisers Act. In addition, Rule 206(4)–7 under the Advisers Act makes it unlawful for an investment adviser to provide investment advice to clients unless such investment adviser has (i) adopted and implemented written policies and procedures reasonably designed to prevent violation, by the investment adviser and its supervised persons, of the Advisers Act and the Commission rules adopted thereunder; (ii) implemented, at a minimum, an annual review regarding the adequacy of the policies and procedures established pursuant to subparagraph (i) above and the effectiveness of their implementation; and (iii) designated an individual (who is a supervised person) responsible for administering the policies and procedures adopted under subparagraph (i) above.

[8] For purposes of this filing, ETFs consist of Investment Company Units (as described in NYSE Arca Equities Rule 5.2(j)(3)), Portfolio Depositary Receipts (as described in NYSE Arca Equities Rule 8.100; Managed Fund Shares (as described in NYSE Arca Equities Rule 8.600); and closed-end funds. All ETFs will be listed and traded in the U.S. on a national securities exchange. While the Fund may invest in inverse ETFs, the Fund will not invest in leveraged (*e.g.,* 2X, −2X, 3X or −3X) ETFs.

[9] With respect to the Fund, the term ''under normal market circumstances'' includes, but is not limited to, the absence of extreme volatility or trading halts in the equity and fixed income markets or the financial markets generally; events or circumstances causing a disruption in market liquidity or orderly markets; operational issues causing dissemination of inaccurate market information; or force majeure type events such as systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.

[10] The Fund will limit its investments in non-investment grade fixed income securities to 75% or less of the Fund's net assets.

[11] Agency securities are debt instruments issued by U.S. government-sponsored entities and other federally related entities such as the Federal National Mortgage Association (FNMA), Federal Home Loan Bank and the Federal Home Loan Bank (FHLB).

[12] Asset-backed securities are debt instruments secured by a loan, lease or receivables against assets.

[13] Residential mortgage-backed securities are debt instruments secured by a residential mortgage or a collection of mortgages.

[14] Commercial mortgage-backed securities are debt instruments secured by a loan on a commercial property.

[15] Inverse floaters are bonds or other types of debt instruments whose coupon rate has an inverse relationship to a benchmark rate.

[16] Covered securities are secured debt instruments generally issued by credit institutions and backed by a pool of assets, usually mortgages or public sector loans.

[17] Sinking fund securities are bonds or other types of debt instruments that are subject to periodic payments by the issuer to a trustee. The trustee uses the payments to retire part of the bond issuance by purchasing the bonds in the open market.

[18] Equipment trust certificates are debt instruments secured by equipment or other physical assets, with the title of the equipment or other physical assets held in trust for the holders of the debt instruments.

[19] Sovereign bonds are debt instruments issued by national governments.

[20] Convertible bonds are debt instruments that can be converted into common stock of the issuing company. Convertible bonds may trade over-the-counter (''OTC'') or on an exchange.

[21] Pay-in-kind securities are debt instruments that pay investors in the form of additional securities rather than cash.

securities;[22] stripped securities;[23] inflation-indexed bonds; inflation protected debt securities; bank loans; municipal bonds; and corporate bonds issued by U.S., supranational and non-U.S. issuers (including issuers located in emerging markets) and denominated in U.S. dollars.[24] ''Investment grade'' securities are rated BBB- or higher by S&P or Baa3 or higher by Moody's Investors Service, Inc. (''Moody's'') or, if unrated, of comparable quality in the opinion of the Sub-Advisers.[25] ''Non-investment grade'' securities are rated Ba1 or lower by Moody's and BB+ or lower by Standard & Poor's Rating Services (''S&P''). If the security has been rated by only one of those agencies, that rating will determine whether the security is below investment grade. If the security has not been rated by either of those agencies, the Sub-Advisers will determine whether the security is of a quality comparable to those rated below investment grade.

2. Equity Securities Including U.S. and Non-U.S. Issues

Under normal market circumstances, at least 20% but no more than 90% of the Fund's net assets will be invested in a diversified portfolio of equity securities issued by companies located in the U.S. and/or foreign countries, including emerging markets, which trade on a U.S. or foreign exchange. The Fund may carry out its investment in foreign securities by purchasing American Depositary Receipts (''ADRs''), European Depositary Receipts (''EDRs'') and Global Depositary Receipts (''GDRs'', together with EDRs and ADRs, ''Depositary Receipts'').[26] The equity securities will be common stocks and preferred stocks as well as master limited partnerships (''MLPs'') and real estate investment trusts (''REITs'').

The Fund may engage in short sales.[27]

Non-Principal Investments

While the Fund, under normal market circumstances, will invest a majority of its assets in the securities and financial instruments described above, the Fund may invest in other securities and financial instruments, as described below. With regard to each non-principal investment category, the Fund may carry out its investment strategy by investing in the securities listed in each investment category below and/or through the purchase of shares issued by ETFs or other investment companies that invest a majority of their assets in the securities listed in the investment categories below.

The Fund may invest in the following money market instruments: Commercial paper issued by U.S. and foreign corporations; bank obligations; certificates of deposit; time deposits and bankers' acceptances of U.S. commercial banks and overseas branches of U.S. commercial banks and foreign banks; and short-term corporate debt, all of which have, at the time of purchase, 397 days or less remaining to maturity issued by U.S. and foreign issuers.

A portion of the Fund's assets may be invested in cross currency positions of the currencies of developed and emerging markets through spot foreign exchange currency contracts, forward foreign exchange currency contracts, and foreign exchange currency options that trade on U.S. exchanges.

The Fund may invest in the following derivative instruments: Futures contracts (consisting of futures contracts based on equity or fixed income securities and/or equity or fixed income indices, commodities, interest rates and currencies); swap agreements on any of the following asset classes: Equity, fixed income, currency and interest rates (such swaps may be based on the price return or total return of the referenced asset); credit default swaps (consisting of credit default swaps in which the referenced asset is a single fixed income security or a group of fixed income securities); options (consisting of long and short positions in call options and put options on indices based on equities, fixed income securities, interest rates, currencies or commodities, individual securities or currencies, swaptions and options on futures contracts); and forward contracts (consisting of forward contracts based on equity or fixed income securities and/or equity or fixed income indices, currencies, interest rates, swap forwards and non-deliverable forwards).

Futures contracts and options on futures contracts in which the Fund may invest will be traded on U.S. exchanges regulated by the Commodity Futures Trading Commission (''CFTC''),[28] all of which will be members of the ISG or exchanges with which the Exchange has in place a CSSA. All other options contracts will be listed on a U.S. national securities exchange or a non-U.S. securities exchange that is a member of ISG or a party to a CSSA with the Exchange.

The Fund may use repurchase agreements, reverse repurchase

[22] Step coupon securities are debt instruments that pay interest at predetermined rates which increase or decrease over time.

[23] Stripped Securities are securities composed of the separate income of principal components of a debt security. For example, stripped mortgage securities are created when the interest and principal components of a mortgage security are separated and sold as individual securities.

[24] Under normal market circumstances, the Fund will generally seek to invest in corporate bond issuances that have at least $100,000,000 par amount outstanding in developed countries and at least $200,000,000 par amount outstanding in emerging market countries.

[25] In determining whether a security is of ''comparable quality'', the Sub-Advisers will consider, for example, whether the issuer of the security has issued other rated securities; whether the obligations under the security are guaranteed by another entity and the rating of such guarantor (if any); whether and (if applicable) how the security is collateralized; other forms of credit enhancement (if any); the security's maturity date; liquidity features (if any); relevant cash flow(s); valuation features; other structural analysis; macroeconomic analysis and sector or industry analysis.

[26] ADRs are receipts issued by an American bank or trust company evidencing ownership of underlying securities issued by a foreign issuer, and are designed for use in U.S. Securities markets. EDRs are receipts issued by European banks evidencing ownership of underlying securities traded outside of the bank's home country. GDRs are receipts issued by foreign banks evidencing ownership of underlying securities traded outside of the bank's home country. Depositary Receipts may be issued by sponsored or unsponsored programs. In sponsored programs, an issuer has made arrangements to have its securities traded in the form of Depositary Receipts. In unsponsored programs, the issuer may not be directly involved in the creation of the program. Although regulatory requirements with respect to sponsored and unsponsored programs are generally similar, in some cases it may be easier to obtain financial information from an issuer that has participated in the creation of a sponsored program. Accordingly, there may be less information available regarding issuers of securities of underlying unsponsored programs, and there may not be a correlation between the availability of such information and the market value of the Depositary Receipts. The Fund may invest in sponsored or unsponsored ADRs; however, not more than 10% of the net assets of the Fund will be invested in non-exchange-listed ADRs. Not more than 10% of the net assets of the Fund in the aggregate invested in exchange-traded equity securities shall consist of equity securities whose principal market is not a member of the Intermarket Surveillance Group (''ISG'') or party to a comprehensive surveillance sharing agreement (''CSSA'') with the Exchange. *See* note 47, *infra*.

[27] The Fund may make short sales of securities: (i) To offset potential declines in long positions in similar securities, (ii) to increase the flexibility of the Fund; (iii) for investment return; and (iv) as part of a risk arbitrage strategy.

[28] The Fund has claimed an exclusion from the definition of a ''commodity pool operator'' under the Commodity Exchange Act (''CEA'') (7 U.S.C. 1) and is not subject to registration or regulation as a commodity pool operator under the CEA. The CFTC recently amended Rule 4.5 (''Exclusion for certain otherwise regulated persons from the definition of the term ''commodity pool operator''). Rule 4.5 provides that a mutual fund does not meet the definition of ''commodity pool operator'' if its use of futures contracts, options on futures contracts and swaps is sufficiently limited that the fund can fall within one of two exclusions set out in Rule 4.5. The Fund intends to limit its use of futures contracts, options on futures contracts and swaps to the degree necessary to fall within one of the two exclusions. If the Fund is unable to do so, it may incur expenses that are necessary to comply with the CEA and rules the CFTC has adopted under it.

agreements, and mortgage dollar rolls for temporary or emergency purposes or to earn additional income on portfolio securities, such as Treasury bills or notes. In a reverse repurchase agreement, the Fund sells a portfolio security to another party, such as a bank or broker-dealer, in return for cash and agrees to repurchase the instrument at a particular price and time. While a reverse repurchase agreement is outstanding, the Fund will maintain cash or appropriate liquid assets to cover its obligation under the agreement. The Fund will enter into reverse repurchase agreements only with parties that the Sub-Advisers deems creditworthy.

The Fund may invest in restricted securities (Rule 144A securities), which are subject to legal restrictions on their sale. Restricted securities generally can be sold in privately negotiated transactions, pursuant to an exemption from registration under the Securities Act, or in a registered public offering.

Other Restrictions

The Fund will limit its investment in non-government sponsored residential mortgage-backed securities, commercial mortgage-backed securities and asset-backed securities (including equipment trust certificates) as well as bank loans and illiquid restricted securities, in the aggregate, to 20% or less of the Fund's net assets.

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

The Fund will be classified as a ''diversified'' investment company under the 1940 Act.[30]

The Fund intends to qualify for and to elect treatment as a separate regulated investment company (''RIC'') under subchapter M of the Internal Revenue Code.[31] Furthermore, the Fund may not concentrate investments in a particular industry or group of industries, as concentration is defined under the 1940 Act, the rules or regulations thereunder or any exemption therefrom, as such statute, rules or regulations may be amended or interpreted from time to time.[32]

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

Net Asset Value

According to the Registration Statement, the Fund's net asset value per Share (''NAV'') will be the value of a single Share. The NAV of Shares of the Fund will be computed by adding the value of the Fund's investments, cash, and other assets, subtracting its liabilities, and dividing the result by the number of Shares outstanding.

According to the Registration Statement, the Fund's Board of Trustees has delegated day-to-day valuation oversight responsibilities to PMC. PMC has established a Valuation Committee (''Valuation Committee'') to fulfill these oversight responsibilities.

Generally, the Fund will value its portfolio securities and assets as follows:

In computing the Fund's NAV, the Fund's fixed income securities (including defaulted debt,[33] and restricted securities) (collectively, ''OTC-Traded Securities'') will be valued based on price quotations obtained from a third-party pricing service or from a broker-dealer who makes markets in such securities. Any such third-party pricing service may use a variety of methodologies to value some or all such securities to determine the market price. For example, the prices of securities with characteristics similar to those held by the Fund may be used to assist with the pricing process. In addition, the pricing service may use proprietary pricing models. The Fund's OTC-Traded Securities will generally be valued at bid prices.

Debt securities with remaining maturities of sixty days or less for which market quotations and information furnished by a third party pricing service are not readily available will be valued at amortized cost, which approximates current value.

Exchange traded equity securities, including ETFs, certain Depositary Receipts, exchange-traded REITs, exchange-traded preferred stock, and exchange-traded convertible bonds, will be valued at market value, which will generally be determined using the last reported official closing or last trading price on the exchange or market on which the security is primarily traded at the time of valuation or, if no sale has occurred, at the last quoted bid price on the primary market or exchange on which they are traded. Unsponsored ADRs will be valued at the last reported sale price from the OTC Bulletin Board or OTC Link LLC on the valuation date.

Investment company securities (other than ETFs) will be valued at NAV.

Exchange-traded futures contracts will be valued at the settlement or closing price determined by the applicable exchange.

Exchange-traded option contracts, including options on futures, will be valued at their most recent sale price. If no such sales are reported, these contracts will be valued at their most recent bid price.

Except as discussed below, non-exchange-traded derivatives, including swaps and swaptions, will normally be valued on the basis of quotes obtained from a third party broker-dealer who makes markets in such securities or on the basis of quotes obtained from an independent third-party pricing service. The Fund's OTC-traded derivative instruments will generally be valued at bid prices. Certain OTC-traded

[29] The Commission has stated that long-standing Commission guidelines have required open-end funds to hold no more than 15% of their net assets in illiquid securities and other illiquid assets. *See* Investment Company Act Release No. 28193 (March 11, 2008), 73 FR 14618 (March 18, 2008), footnote 34. *See also,* Investment Company Act Release No. 5847 (October 21, 1969), 35 FR 19989 (December 31, 1970) (Statement Regarding ''Restricted Securities''); Investment Company Act Release No. 18612 (March 12, 1992), 57 FR 9828 (March 20, 1992) (Revisions of Guidelines to Form N–1A). A fund's portfolio security is illiquid if it cannot be disposed of in the ordinary course of business within seven days at approximately the value ascribed to it by the fund. *See* Investment Company Act Release No. 14983 (March 12, 1986), 51 FR 9773 (March 21, 1986) (adopting amendments to Rule 2a–7 under the 1940 Act); Investment Company Act Release No. 17452 (April 23, 1990), 55 FR 17933 (April 30, 1990) (adopting Rule 144A under the Securities Act).

[30] The diversification standard is set forth in section 5(b)(1) of the 1940 Act.

[31] 26 U.S.C. 851 *et seq.*

[32] The Commission has defined concentration as investing more than 25% of an investment company's total assets in an industry or group of industries, with certain exceptions such as with respect to investments in obligations issued or guaranteed by the U.S. Government or its agencies and instrumentalities, or tax-exempt obligations of state or municipal governments and their political subdivisions. *See, e.g.,* Investment Company Act Release No. 9011 (October 30, 1975), 40 FR 54241 (November 21, 1975).

[33] According to PMC, when a bond defaults and the issuer enters into bankruptcy, a market often continues to exist for the bond (normally at a steep discount to its face value). Buyers typically value the defaulted bond based on expected restructuring outcomes or liquidation distributions. Market quotations provided by broker-dealers or pricing services reflect these market indicators.

derivative instruments, such as interest rate swaps and credit default swaps, will be valued at the mean price.

Prices described above will be obtained from pricing services that have been approved by the Fund's Board of Trustees. A number of independent third party pricing services are available and the Fund may use more than one of these services. The Fund may also discontinue the use of any pricing service at any time. PMC will engage in oversight activities with respect to the Fund's pricing services, which includes, among other things, testing the prices provided by pricing services prior to calculation of the Fund's NAV, conducting periodic due diligence meetings, and periodically reviewing the methodologies and inputs used by these services.

Foreign securities and instruments will be valued in their local currency following the methodologies described above. Typically, foreign securities, instruments and currencies will be translated to U.S. dollars, based on foreign currency exchange rate quotations supplied by a pricing service as of the close of the New York Stock Exchange (''NYSE''), which will use a proprietary model to determine the exchange rate.

Forward foreign currency exchange contracts will be valued at an interpolated rate based on days to maturity between the closest preceding and subsequent settlement period. Such interpolated rates are derived from foreign currency exchange rate quotations reported by an independent third-party pricing service.

Other portfolio securities and assets for which market quotations, official closing prices, or information furnished by a pricing service are not readily available or, in the opinion of the Valuation Committee, are deemed unreliable will be fair valued in good faith by the Valuation Committee in accordance with applicable fair value pricing policies. For example, if, in the opinion of the Valuation Committee, a security's value has been materially affected by events occurring before the Fund's pricing time but after the close of the exchange or market on which the security is principally traded, that security will be fair valued in good faith by the Valuation Committee in accordance with applicable fair value pricing policies.

In fair valuing a security, the Valuation Committee may consider factors including price movements in futures contracts and ADRs, market and trading trends, the bid/ask quotes of brokers, and off-exchange institutional trading.

Creation and Redemption of Shares

According to the Registration Statement, the Fund will issue and redeem Shares on a continuous basis at NAV per Share in aggregations of a specified number of Shares called ''Creation Units.'' Creation Units generally will be issued in exchange for portfolio securities and/or cash. Shares are not individually redeemable, but are redeemable only in Creation Unit aggregations, and in exchange for portfolio securities and/or cash. A Creation Unit of the Fund will consist of a block of 50,000 Shares. The size of a Creation Unit is subject to change. Shareholders who are not ''Authorized Participants'' (as defined below) will not be able to purchase or redeem Shares directly with or from the Fund.

All orders to purchase Creation Units must be placed with a Distributor by or through a party (the ''Authorized Participant'') that has entered into a participant agreement with the Distributor (''Participant Agreement'') with respect to the creation and redemption of Creation Units. An Authorized Participant is either: (a) A broker or dealer registered under the Act or other participant in the Continuous Net Settlement System of the National Securities Clearing Corporation (''NSCC''), a clearing agency registered with the Commission and affiliated with the Depository Trust Company (''DTC''); or (b) a participant in the DTC (such participant, a ''DTC Participant'').

Shares of the Fund will be purchased and redeemed in Creation Units and generally on an ''in- kind'' basis. Except where the purchase or redemption will include cash under the limited circumstances specified below, purchasers will be required to purchase Creation Units by making an in-kind deposit of specified instruments (''Deposit Instruments''), and shareholders redeeming their Shares will receive an in-kind transfer of specified instruments (''Redemption Instruments''). On any given business day, the names and quantities of the instruments that constitute the Deposit Instruments and the names and quantities of the instruments that constitute the Redemption Instruments will be identical, and these instruments may be referred to, in the case of either a purchase or a redemption, as the ''Creation Basket''. In addition, the Creation Basket will correspond pro rata to the positions in the Fund's portfolio (including cash positions),[34] except: (a) In the case of bonds, for minor differences when it is impossible to break up bonds beyond certain minimum sizes needed for transfer and settlement; (b) for minor differences when rounding is necessary to eliminate fractional shares or lots that are not tradeable round lots; [35] or (c) To-Be-Announced (''TBA'') transactions,[36] short positions and other positions that cannot be transferred in kind [37] will be excluded from the Creation Basket.[38] If there is a difference between the NAV attributable to a Creation Unit and the aggregate market value of the Creation Basket exchanged for the Creation Unit, the party conveying instruments with the lower value will pay to the other an amount in cash equal to that difference (the ''Balancing Amount'').

Purchases and redemptions of Creation Units may be made in whole or in part on a cash basis, rather than in kind, solely under specified circumstances.[39] The Adviser represents that, to the extent the Trust effects the creation and redemption of Shares in cash, such transactions will be effected in the same manner for all Authorized Participants.

An investor purchasing or redeeming a Creation Unit from the Fund may be charged a Transaction Fee to protect existing shareholders of the Fund from the dilutive costs associated with the purchase and redemption of Creation Units.[40]

[34] The portfolio used for this purpose will be the same portfolio used to calculate the Fund's NAV for that business day.

[35] A tradeable round lot for a security will be the standard unit of trading in that particular type of security in its primary market.

[36] A TBA Transaction is a method of trading mortgage-backed securities. In a TBA Transaction, the buyer and seller agree upon general trade parameters such as agency, settlement date, par amount and price. The actual pools delivered generally are determined two days prior to the settlement date.

[37] This includes instruments that can be transferred in kind only with the consent of the counterparty to the extent the Fund does not intend to seek such consents.

[38] Because these instruments will be excluded from the Creation Basket, their value will be reflected in the determination of the Balancing Amount (defined below).

[39] In determining whether the Fund will sell or redeem Creation Units entirely on a cash or in-kind basis (whether for a given day or a given order), the key consideration will be the benefit that would accrue to the Fund and its investors. Purchases of Creation Units either on an all cash basis or in-kind are expected to be neutral to the Fund from a tax perspective. In contrast, cash redemptions typically require selling portfolio positions, which may result in adverse tax consequences for the remaining Fund shareholders that would not occur with an in-kind redemption. As a result, tax considerations may warrant in-kind redemptions.

[40] Where the Fund permits an in-kind purchaser or redeemer to deposit or receive cash in lieu of one or more Deposit or Redemption Instruments, the purchaser or redeemer may be assessed a higher Transaction Fee to offset the transaction cost to the Fund of buying or selling those particular Deposit or Redemption Instruments.

The Fund will make available, prior to the opening of trading on the NYSE (currently 9:30 a.m. Eastern Time), through the NSCC the names and quantities of the instruments comprising the Creation Basket, as well as the estimated Balancing Amount (if any), for that day. The published Creation Basket will apply with respect to purchases or redemptions until a new Creation Basket is announced on the following business day, and there will be no intra-day changes to the Creation Basket, except to correct errors in the published Creation Basket.

Availability of Information

The Funds' [sic] Web site (*www.principalfunds.com*), which will be publicly available prior to the public offering of Shares, will include a form of the prospectus for the Fund that may be downloaded. The Fund's Web site will include additional quantitative information updated on a daily basis, including, for the Fund, (1) daily trading volume, the prior business day's reported closing price, NAV and mid-point of the bid/ask spread at the time of calculation of such NAV (the ''Bid/Ask Price''),[41] and a calculation of the premium and discount of the Bid/Ask Price against the NAV, and (2) data in chart format displaying the frequency distribution of discounts and premiums of the daily Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters. On each business day, before commencement of trading in Shares in the Core Trading Session on the Exchange, the Adviser will disclose on the Fund's Web site the Disclosed Portfolio for the Fund as defined in NYSE Arca Equities Rule 8.600(c)(2) that will form the basis for the Fund's calculation of NAV at the end of the business day.[42]

The Fund's portfolio holdings will be disclosed on its Web site daily after the close of trading on the Exchange and prior to the opening of trading on the Exchange the following day.

The Fund's disclosure of derivative positions in the Disclosed Portfolio will include information that market participants can use to value these positions intraday. On a daily basis, the Fund will disclose on the Fund's Web site the following information regarding each portfolio holding, as applicable to the type of holding: Ticker symbol, CUSIP number or other identifier, if any; a description of the holding (including the type of holding, such as the type of swap); the identity of the security, commodity, index or other asset or instrument underlying the holding, if any; for options, the option strike price; quantity held (as measured by, for example, par value, notional value or number of shares, contracts or units); maturity date, if any; coupon rate, if any; effective date, if any; market value of the holding; and the percentage weighting of the holding in the Fund's portfolio. The Web site information will be publicly available at no charge.

Investors can also obtain the Trust's Statement of Additional Information (''SAI''), the Fund's Shareholder Reports, and its Form N–CSR and Form N–SAR, filed twice a year. The Trust's SAI and Shareholder Reports are available free upon request from the Trust, and those documents and the Form N–CSR and Form N–SAR may be viewed on-screen or downloaded from the Commission's Web site at *www.sec.gov.*

Quotation and last sale information for the portfolio holdings of the Fund that are U.S. exchange listed, including ETFs and U.S. exchange-traded ADRs and exchange-traded REITs, exchange-traded preferred stock, and exchange-traded convertible securities, and exchange-traded MLPs will be available via the Consolidated Tape Association (''CTA'') high speed line. Quotation and last sale information for such U.S. exchange-listed securities, as well as futures will be available from the exchange on which they are listed. Quotation and last sale information for exchange-listed options cleared via the Options Clearing Corporation will be available via the Options Price Reporting Authority.

Quotation information for OTC-Traded Securities, OTC-traded derivative instruments (including swaps, swaptions, forwards and currency-related derivatives), investment company securities (excluding ETFs), Rule 144A securities, U.S. Treasuries, agency securities, asset-backed securities, residential mortgage-backed securities, commercial mortgage-backed securities, zero-coupon securities, variable and floating rate instruments including inverse floaters, covered securities, sinking fund securities, equipment trust certificates, sovereign bonds, convertible bonds, pay-in-kind securities, step-coupon securities, stripped securities, inflation-indexed bonds, inflation protected debt securities, bank loans, municipal bonds, corporate bonds, and money market instruments may be obtained from brokers and dealers who make markets in such securities or through nationally recognized pricing services through subscription agreements. The U.S. dollar value of foreign securities, instruments and currencies can be derived by using foreign currency exchange rate quotations obtained from nationally recognized pricing services.

In addition, the Portfolio Indicative Value (''PIV''), as defined in NYSE Arca Equities Rule 8.600(c)(3), will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Core Trading Session.[43] The dissemination of the PIV, together with the Disclosed Portfolio, will allow investors to determine the approximate value of the underlying portfolio of the Fund on a daily basis and will provide a close estimate of that value throughout the trading day.

Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Fund.[44] Trading in Shares of the Fund will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 have been reached. Trading also may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares of the Fund inadvisable. These may include: (1) The extent to which trading is not occurring in the securities and/or the financial instruments comprising the Disclosed Portfolio of the Fund; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. Trading in the Shares will be subject to NYSE Arca Equities Rule 8.600(d)(2)(D), which sets forth circumstances under which Shares of the Fund may be halted.

Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. Shares will trade on the NYSE Arca Marketplace from 4:00 a.m. to 8:00 p.m. Eastern Time in

[41] The Bid/Ask Price of the Fund's Shares will be determined using the mid-point of the highest bid and the lowest offer on the Exchange as of the time of calculation of the Fund's NAV. The records relating to Bid/Ask Prices will be retained by each Fund and its service providers.

[42] Under accounting procedures to be followed by the Fund, trades made on the prior business day (''T'') will be booked and reflected in NAV on the current business day (''T+1''). Accordingly, the Fund will be able to disclose at the beginning of the business day the portfolio that will form the basis for the NAV calculation at the end of the business day.

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

[44] *See* NYSE Arca Equities Rule 7.12.

accordance with NYSE Arca Equities Rule 7.34 (Opening, Core, and Late Trading Sessions). The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in NYSE Arca Equities Rule 7.6, Commentary .03, the minimum price variation (''MPV'') for quoting and entry of orders in equity securities traded on the NYSE Arca Marketplace is $0.01, with the exception of securities that are priced less than $1.00 for which the MPV for order entry is $0.0001.

The Shares of the Fund will conform to the initial and continued listing criteria under NYSE Arca Equities Rule 8.600. The Exchange represents that, for initial and/or continued listing, the Fund will be in compliance with Rule 10A–3 [45] under the Act, as provided by NYSE Arca Equities Rule 5.3. A minimum of 100,000 Shares of the Fund will be outstanding at the commencement of trading on the Exchange. The Exchange will obtain a representation from the issuer of the Shares of the Fund that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time.

Surveillance

The Exchange represents that trading in the Shares of the Fund will be subject to the existing trading surveillances, administered by the Financial Industry Regulatory Authority (''FINRA'') on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws.[46] The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange.

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

FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares, ETFs, other exchange-traded equity securities (including exchange-listed Depositary Receipts), options, futures, and options on futures with other markets and other entities that are members of the ISG, and FINRA, on behalf of the Exchange, may obtain trading information regarding trading in such financial instruments, as applicable, from such markets and other entities. In addition, the Exchange may obtain information regarding trading in such financial instruments, as applicable, from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.[47] FINRA, on behalf of the Exchange, is able to access, as needed, trade information for certain fixed income securities held by the Fund reported to FINRA's Trade Reporting and Compliance Engine (''TRACE'').

Not more than 10% of the net assets of the Fund in the aggregate invested in exchange-traded equity securities shall consist of equity securities whose principal market is not a member of the ISG or party to a CSSA with the Exchange.

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

Information Bulletin

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

In addition, the Bulletin will reference that the Fund is subject to various fees and expenses described in the Registration Statement. The Bulletin will discuss any exemptive, no-action, and interpretive relief granted by the Commission from any rules under the Act. The Bulletin will also disclose that the NAV for the Shares of the Fund will be calculated after 4:00 p.m. Eastern Time each trading day.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under section 6(b)(5) [48] that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Equities Rule 8.600. The Adviser and Sub-Advisers are not registered as broker-dealers but are affiliated with three broker-dealers and have implemented and will maintain a fire wall with respect to each such broker-dealer affiliate regarding access to information concerning the composition and/or changes to the portfolios. The Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Shares of the Fund in all trading sessions and to deter and detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange. FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares, ETFs, other exchange-traded equity securities (including exchange-listed Depositary Receipts), options, futures, and options on futures with other markets and other entities that are members of the ISG, and FINRA, on behalf of the Exchange, may obtain trading information regarding trading in such financial instruments, as applicable, from such markets and other entities. In addition, the Exchange may obtain information regarding trading in such financial instruments, as applicable, from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. FINRA, on behalf of the Exchange, is able to access, as needed,

[45] 17 CFR 240 10A–3.

[46] FINRA surveils trading on the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement.

[47] For a list of the current members of ISG, see *www.isgportal.org.* The Exchange notes that not all components of the Disclosed Portfolio for the Fund may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

[48] 15 U.S.C. 78f(b)(5).

trade information for certain fixed income securities held by the Fund reported to FINRA's TRACE. Not more than 10% of the net assets of the Fund in the aggregate invested in exchange-traded equity securities shall consist of equity securities whose principal market is not a member of the ISG or party to a CSSA with the Exchange. While the Fund may invest in inverse ETFs, the Fund will not invest in leveraged (*e.g.,* 2X, -2X, 3X or -3X) ETFs. The Fund's investments will be consistent with its investment objective and will not be used to enhance leverage. The Fund will limit its investment in non-government sponsored residential mortgage-backed securities, commercial mortgage-backed securities and asset-backed securities, in the aggregate, to 20% or less of the Fund's net assets. The PIV, as defined in NYSE Arca Equities Rule 8.600(c)(3), will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Core Trading Session. The Fund may hold up to an aggregate amount of 15% of its net assets in illiquid assets (calculated at the time of investment), including Rule 144A securities deemed illiquid by the Adviser, consistent with Commission guidance.

The Shares of the Fund will conform to the initial and continued listing criteria under NYSE Arca Equities Rule 8.600. The Exchange represents that, for initial and/or continued listing, the Fund will be in compliance with Rule 10A–3 under the Act, as provided by NYSE Arca Equities Rule 5.3. A minimum of 100,000 Shares of the Fund will be outstanding at the commencement of trading on the Exchange. The Exchange will obtain a representation from the issuer of the Shares of the Fund that the NAV per Share will be calculated daily and that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time. In addition, a large amount of information is publicly available regarding the Fund and the respective Shares, thereby promoting market transparency. The Fund's portfolio holdings will be disclosed on its Web site daily after the close of trading on the Exchange and prior to the opening of trading on the Exchange the following day. On a daily basis, the Fund will disclose on its Web site the following information regarding each portfolio holding, as applicable to the type of holding: Ticker symbol, CUSIP number or other identifier, if any; a description of the holding (including the type of holding); the identity of the security, commodity, index or other asset or instrument underlying the holding, if any; quantity held (as measured by, for example, par value, notional value or number of shares, contracts or units); maturity date, if any; coupon rate, if any; effective date, if any; market value of the holding; and the percentage weighting of the holding in the Fund's portfolio. The Web site information will be publicly available at no charge.

Investors can also obtain the Trust's Statement of Additional Information (''SAI''), the Fund's Shareholder Reports, and its Form N–CSR and Form N–SAR, filed twice a year. The Trust's SAI and Shareholder Reports are available free upon request from the Trust, and those documents and the Form N–CSR and Form N–SAR may be viewed on-screen or downloaded from the Commission's Web site at *www.sec.gov.* Quotation and last sale information for the portfolio holdings of the Fund that are U.S. exchange listed, including ETFs and U.S. exchange-traded ADRs and exchange-traded REITs, exchange-traded preferred stock, exchange-traded convertible securities, and exchange-traded MLPs will be available via the CTA high speed line. Quotation and last sale information for such U.S. exchange-listed securities, as well as futures will be available from the exchange on which they are listed. Quotation and last sale information for exchange-listed options cleared via the Options Clearing Corporation will be available via the Options Price Reporting Authority.

The Web site for the Fund will include a form of the prospectus for the Fund and additional data relating to NAV and other applicable quantitative information. Moreover, prior to the commencement of trading, the Exchange will inform its ETP Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares of the Funds [sic]. Trading in Shares of the Fund will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12 have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable, and trading in the Shares will be subject to NYSE Arca Equities Rule 8.600(d)(2)(D), which sets forth circumstances under which Shares of the Fund may be halted. In addition, as noted above, investors will have ready access to information regarding the Fund's holdings, the PIV, the Disclosed Portfolio, and quotation and last sale information for the Shares. The Fund's investments will be consistent with the Fund's investment objective and will not be used to enhance leverage.

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 an additional type of actively-managed exchange-traded product that will enhance competition among market participants, to the benefit of investors and the marketplace. As noted above, the Exchange has in place surveillance procedures relating to trading in the Shares of the Fund and may obtain information via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement. In addition, as noted above, investors will have ready access to information regarding each Fund's holdings, the PIV, the Disclosed Portfolio for the Fund, and quotation and last sale information for the Shares of the Fund.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Act. The Exchange notes that the proposed rule change will facilitate the listing and trading of an additional type of actively-managed exchange-traded product that holds fixed income and equity securities and that will enhance competition among market participants, to the benefit of investors and the marketplace.

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

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

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove the proposed rule change, or

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

IV. Solicitation of Comments

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

Electronic Comments

• Use the Commission's Internet comment form (*http://www.sec.gov/rules/sro.shtml*); or

• Send an email to *rule-comments@sec.gov.* Please include File Number SR–NYSEArca–2015–15 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–2015–15. 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 Web site (*http://www.sec.gov/rules/sro.shtml*). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–NYSEArca–2015–15 and should be submitted on or before April 17, 2015.

[49] 17 CFR 200.30–3(a)(12).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[49]

Brent J. Fields,

Secretary.

[FR Doc. 2015–06991 Filed 3–26–15; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–74561; File No. SR–MSRB–2015–01]

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Consisting of Amendments to MSRB Rule A–16, on Examination Fees

March 23, 2015.

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 March 17, 2015, the Municipal Securities Rulemaking Board (the "MSRB" or "Board") filed with the Securities and Exchange Commission (the "SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the MSRB. 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 MSRB filed with the Commission a proposed rule change consisting of amendments to MSRB Rule A–16, on examination fees ("proposed rule change"). The MSRB designated the proposed rule change as "establishing or changing a due, fee or other charge" under Section 19(b)(3)(A)(ii) of the Act[3] and Rule 19b–4(f)(2)[4] thereunder, which renders the proposal effective upon filing with the Commission. The implementation date of the proposed rule change is April 1, 2015.

The text of the proposed rule change is available on the MSRB's Web site at *http://www.msrb.org/Rules-and-Interpretations/SEC-Filings/2015-Filings.aspx,* at the MSRB's principal office, 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)(ii).

[4] 17 CFR 240.19b–4(f)(2).

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 MSRB included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The MSRB has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The purpose of the proposed rule change is to establish a test development fee for the MSRB's new municipal advisor representative qualification examination ("Series 50 examination") and to better align the MSRB's existing test development fees (which have not been adjusted since 2009) with the costs of developing, implementing and maintaining the tests (hereinafter, the "program costs"). Under the proposed rule change, the MSRB will institute a test development fee of $150 for the Series 50 examination and change the test development fee for each of the three existing MSRB-owned examinations from $60 to $150. The development fee of $150 will, on April 1, 2015, be assessed on brokers, dealers and municipal securities dealers ("dealers") and municipal advisors based on the number of their associated persons that take an MSRB-owned professional qualification examination.

Any person associated with a dealer who is engaged in or supervises municipal securities activities and any person associated with a municipal advisor who is engaged in or supervises municipal advisory activities must be qualified in accordance with MSRB Rule G–3.[5] As a prerequisite to qualification, each individual must pass the applicable examination to demonstrate a basic competence in the subject matter related to the professional qualification classification. The

[5] The SEC recently approved MSRB rule amendments, effective April 27, 2015, that establish professional qualification standards for municipal advisors. The amendments to MSRB Rule G–3 establish two professional qualification classifications for municipal advisors—municipal advisor representative and municipal advisor principal. *See* Exchange Act Release No. 74384 (Feb. 26, 2015), 80 FR 11706 (Mar. 4, 2015), File No. SR–MSRB–2014–08 (Nov. 18, 2014).