SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations: NYSE Arca, Inc.: Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, To List and Trade Shares of the iShares iBonds Dec 2021 AMT-Free Muni Bond ETF and iShares iBonds Dec 2022 AMT-Free Muni Bond ETF Under NYSE Arca Equities Rule 5.2(j)(3)

July 16, 2015.

I. Introduction

On March 31, 2015, NYSE Arca, Inc. ("Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission ("Commission" or "SEC") a proposed rule change to list and trade shares ("Shares") of the following series of the iShares Trust: iShares iBonds Dec 2021 AMT-Free Muni Bond ETF and iShares iBonds Dec 2022 AMT-Free Muni Bond ETF (each a "Fund" and, collectively, the "Funds") under NYSE Arca Equities Rule 5.2(j)(3), Commentary .02. On April 14, 2015, the Exchange filed Amendment No. 1 to the proposed rule change, which superseded the original filing. The proposed rule change, as modified by Amendment No. 1, was published for comment in the Federal Register on April 21, 2015. On June 2, 2015, the Commission designated a longer period to act upon the proposed rule change. The Commission received no comments on the proposal. This order approves the proposed rule change, as modified by Amendment No. 1.

II. The Exchange's Description of the Proposal

The Exchange submitted this proposed rule change because the 2021 Index does not meet all of the generic listing requirements of Comment. .02(a) to NYSE Arca Equities Rule 5.2(j)(3) applicable to the listing of Units based on fixed income securities indexes. The Exchange represents that the 2021 Index meets all such requirements except for those set forth in Comment. .02(a)(2), which requires that components in the aggregate account for at least 75% of the weight of the index each have a minimum original principal amount outstanding of $100 million or more. As of February 10, 2015, components of the 2021 Index that satisfied the $100 million or more minimum original principal amount outstanding requirement constituted only 6.8% of the weight of the index.

In general, the Fund will invest at least 80% of its assets in the securities of the 2021 Index, except during the last months of the Fund’s operations, and may invest the remainder of its assets in cash, cash equivalents, and municipal bonds not included in the 2021 Index, but which BFA believes will help the Fund track the 2021 Index. In the last months of operation, as the bonds held by the Fund mature, the proceeds will not be reinvested in bonds but instead will be held in cash and cash equivalents. These cash equivalents may not be included in the 2021 Index.

The iShares iBonds Dec 2022 AMT-Free Muni Bond ETF will seek to track the investment results of the S&P AMT-Free Municipal Series December 2021 IndexTM ("2021 Index"), which measures the performance of investment-grade, non-callable U.S. municipal bonds maturing after December 31, 2020 and before December 31, 2021. As of February 10, 2015, there were 4,217 issues in the 2021 Index. The 2021 Index includes municipal bonds primarily issued by state or local governments or agencies such that the interest on the bonds is exempt from U.S. federal income taxes and the federal alternative minimum tax ("AMT"). Each bond must have a rating of at least BBB — by Standard & Poor's Ratings Services ("S&P"), Baa3 by Moody's Investors Service, Inc. ("Moody’s"), or BBB — by Fitch Ratings, Inc. ("Fitch") and must have a minimum maturity par amount of $2 million to be eligible for inclusion in the 2021 Index. To remain in the 2021 Index, bonds must maintain a minimum par amount greater than or equal to $2 million as of each rebalancing date. All bonds in the 2021 Index will mature after December 31, 2020 and before December 2, 2021. When a bond matures in the 2021 Index, an amount representing its value at maturity will be included in the 2021 Index throughout the remaining life of the 2021 Index, and any such amount will be assumed to earn a rate equal to the performance of the Standard & Poor's Financial Services LLC’s Weekly High Grade Index, municipal tax-exempt notes that are not subject to federal AMT.

The Exchange submitted this proposed rule change because the 2021 Index does not meet all of the generic listing requirements of Comment. .02(a) to NYSE Arca Equities Rule 5.2(j)(3) applicable to the listing of Units based on fixed income securities indexes. The Exchange represents that the 2021 Index meets all such requirements except for those set forth in Comment. .02(a)(2), which requires that components in the aggregate account for at least 75% of the weight of the index each have a minimum original principal amount outstanding of $100 million or more. As of February 10, 2015, components of the 2021 Index that satisfied the $100 million or more minimum original principal amount outstanding requirement constituted only 6.8% of the weight of the index.

In general, the Fund will invest at least 80% of its assets in the securities of the 2021 Index, except during the last months of the Fund’s operations, and may invest the remainder of its assets in cash, cash equivalents, and municipal bonds not included in the 2021 Index, but which BFA believes will help the Fund track the 2021 Index. In the last months of operation, as the bonds held by the Fund mature, the proceeds will not be reinvested in bonds but instead will be held in cash and cash equivalents. These cash equivalents may not be included in the 2021 Index.

Around December 1, 2021, the Fund will wind up and terminate, and its net assets will be distributed to then-current shareholders.

The iShares iBonds Dec 2022 AMT-Free Muni Bond ETF will seek to track...
the investment results of the 2022 Index, which measures the performance of investment-grade, non-callable U.S. municipal bonds maturing after December 31, 2021 and before December 2, 2022. As of February 10, 2015, there were 3,473 issues in the 2022 Index.

The 2022 Index includes municipal bonds primarily from issuers that are state or local governments or agencies such that the interest on the bonds is exempt from U.S. federal income taxes and the federal AMT. Each bond must have a rating of at least BBB – by S&P, Baa3 by Moody’s, or BBB – by Fitch Ratings, Inc. and must have a minimum maturity par amount of $2 million to be eligible for inclusion in the 2022 Index. To remain in the 2022 Index, bonds must maintain a minimum par amount greater than or equal to $2 million as of each rebalancing date. All bonds in the 2022 Index will mature in after December 31, 2021 and before December 2, 2022. When a bond matures in the 2022 Index, an amount representing its value at maturity will be included in the 2022 Index throughout the remaining life of the 2022 Index, and any such amount will be assumed to earn a rate equal to the performance of the Standard & Poor’s Financial Services LLC’s Weekly High Grade Index, which consists of Moody’s Investment Grade-1 municipal tax-exempt notes that are not subject to federal AMT. The 2022 Index is a market value weighted index and is rebalanced after the market close on the last business day of each month.

The Exchange submitted this proposal for rule change because the 2022 Index does not meet all of the generic listing requirements of Commentary .02(a) to NYSE Arca Equities Rule 5.2(j)(3) applicable to the listing of Units based on fixed income securities indexes. The Exchange represents that the 2022 Index meets all such requirements except for those set forth in Commentary .02(a)(2), which requires that components in the aggregate account for at least 75% of the weight of the index each have a minimum original principal amount outstanding of $100 million or more. As of February 10, 2015, components of the 2022 Index that satisfied the $100 million or more minimum original principal amount outstanding requirement constituted only 5.8% of the weight of the index.

In general, the Fund will invest at least 80% of its assets in components of the 2022 Index, except during the last months of the Fund’s operations, and may invest the remainder of its assets in cash, cash equivalents, and municipal bonds not included in the 2022 Index, but which BFA believes will help the Fund track the 2022 Index. In the last months of operation, as the bonds held by the Fund mature, the proceeds will not be reinvested in bonds but instead will be held in cash and cash equivalents. These cash equivalents may not be included in the 2022 Index. Around December 1, 2022, the Fund will wind up and terminate, and its net assets will be distributed to then-current shareholders.

III. Discussion and Commission Findings

After careful review, the Commission finds that the Exchange’s proposal to list and trade the Shares is consistent with the Exchange Act and the rules and regulations thereunder applicable to a national securities exchange. In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Exchange Act, which requires, among other things, that the Exchange’s rules be designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

The Commission finds that the proposal to list and trade the Shares on the Exchange is consistent with Section 11A(a)(1)(C)(iii) of the Exchange Act, which sets forth Congress’ finding that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with respect to quotations for and transactions in securities. Quotation and last sale information for the Shares of each Fund will be available via the Consolidated Tape Association high speed line. The 2021 Index and 2022 Index values, calculated and widely disseminated at least once daily, as well as the components of the 2021 Index and 2022 Index and their percentage weighting, will be available from major market data vendors. The IVV for Shares of a Fund will be disseminated by one or more major market data vendors, updated at least every 15 seconds during the Exchange’s Core Trading Session, which is between 9:30 a.m. to 4:00 p.m. Eastern time, as required by NYSE Arca Equities Rule 5.2(j)(3), Commentary .02(c). The NAV of a Fund normally will be determined once daily Monday through Friday, generally as of the regularly scheduled close of business of the New York Stock Exchange ("NYSE") (normally 4:00 p.m., Eastern time) on each day that the NYSE is open for trading. Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers’ computer screens and other electronic services. Information regarding the previous day’s closing price and trading volume information for the Shares will be published daily in the financial section of newspapers. The Funds’ Web site, www.ishares.com, will also include the prospectus for the Funds and additional data relating to NAV and other applicable quantitative information. Additionally, the portfolio of securities held by the Funds will be disclosed on the Funds’ Web site. The Exchange will obtain a representation from the issuer of the Shares that the NAV per Share of each Fund will be calculated daily and that the NAV per Share will be made available to all market participants at the same time. The Exchange further represents that quotation information for investment company securities (excluding ETFs) may be obtained through nationally recognized pricing services through subscription agreements or from brokers and dealers who make markets in such securities, and that price information regarding municipal bonds, AMT-free tax-exempt municipal notes, variable rate demand notes and obligations, tender option bonds and municipal commercial paper is available from third party pricing services and major market data vendors. The Commission also believes that the proposal to list and trade the Shares is reasonably designed to promote fair disclosure of information that may be necessary to price the Shares appropriately and to prevent trading when a reasonable degree of transparency cannot be assured. The Exchange states that the Index Provider is not a broker-dealer or affiliated with a broker-dealer and has implemented procedures designed to prevent the use and dissemination of material, non-public information regarding the 2021 Index and 2022 Index. Prior to the commencement of trading, the Exchange will inform its Equity Trading Permit Holders in an Information Bulletin ("Bulletin") of the special characteristics and risks associated with trading the Shares. With respect to trading halts, if the Exchange becomes aware that the NAV is not being disseminated to all market participants at the same time, it will halt trading in the Shares until such time as
the NAV is available to all market participants. In addition, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Funds. Trading also may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares advisable. The Exchange represents that if the IIV, the 2021 Index value or the 2022 Index value are not being disseminated as required, the Exchange may halt trading in the overlying shares during the day in which the interruption to the dissemination of the IIV, the 2021 Index value or the 2022 Index value occurs. If the interruption to the dissemination of the IIV, the 2021 Index value or the 2022 Index value persists past the trading day in which it occurred, the Exchange will halt trading. Moreover, trading in the Shares 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 advisable. Trading in the Shares will be subject to NYSE Arca Equities Rule 7.34, which sets forth circumstances under which Shares may be halted. The Exchange represents that trading in the Shares will be subject to the existing trading surveillances, administered by the Financial Industry Regulatory Authority ("FINRA") on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws.\textsuperscript{12} FINRA, on behalf of the Exchange, will communicate as needed regarding trading in the Shares with other markets or other entities that are members of the Intermarket Surveillance Group ("ISG"), and FINRA may obtain trading information regarding trading in the Shares from such markets or entities. FINRA also can access data obtained from the Municipal Securities Rulemaking Board relating to municipal bond trading activity for surveillance purposes in connection with trading in the Shares. FINRA, on behalf of the Exchange, is able to access, as needed, trade information for certain fixed income securities held by a Fund reported to FINRA’s Trade Reporting and Compliance Engine. In addition, the Exchange may obtain information regarding trading in the Shares from markets or other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

Based on the Exchange’s representations, the Commission believes that both the 2021 Index and 2022 Index are sufficiently broad-based and liquid to deter potential manipulation. As of February 10, 2015, there were 4,217 issues in the 2021 Index and 3,473 issues in the 2022 Index. In addition, the total dollar amount outstanding of issues in the 2021 Index was approximately $38.9 billion and the average dollar amount outstanding of issues in the 2021 Index was approximately $9.2 million; and the total dollar amount outstanding of issues in the 2022 Index was approximately $30.5 billion, and the average dollar amount outstanding of issues in the 2022 Index was approximately $8.8 million. Further, the most heavily weighted component represents 0.57% of the weight of the 2021 Index, and the five most heavily weight components represent 2.51% of the 2021 Index; and the most heavily weighted component represents 0.55% of the weight of the 2022 Index, and the five most heavily weight components represent 2.67% of the 2022 Index.\textsuperscript{13} In support of this proposal, the Exchange has also made the following representations:

(1) 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.

(2) Except for Commentary .02[a](2) to NYSE Arca Equities Rule 5.2(j)(3), the 2021 Index and 2022 Index currently satisfy all of the generic listing standards under NYSE Arca Equities Rule 5.2(j)(3).

(3) The continued listing standards under NYSE Arca Equities Rules 5.2(j)(3) and 5.5[g](2) applicable to Units shall apply to the Shares.

(4) The Shares will comply with all other requirements applicable to Units including, but not limited to, requirements relating to the dissemination of key information such as the value of the 2021 Index and 2022 Index, respectively, and the IV, rules governing the trading of equity securities, trading hours, trading halts, surveillance, and the Information Bulletin to Equity Trading Permit

\textsuperscript{12}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.

\textsuperscript{13}Commentary .02[a](4) to NYSE Arca Equities Rule 5.2(j)(3) provides that no component fixed-income security (excluding Treasury Securities and GSE Securities, as defined therein) shall represent more than 30% of the weight of the index or portfolio, and the five most heavily weighted component fixed-income securities in the index or portfolio shall not in the aggregate account for more than 65% of the weight of the index or portfolio.

\textsuperscript{14}17 CFR 240.10A–3.
SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to AIM

July 16, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”), and Rule 19b–4 thereunder, notice is hereby given that on July 14, 2015, C2 Options Exchange, Incorporated (the “Exchange” or “C2”) 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 Exchange. 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 proposed rule change proposes to amend the Exchange’s rules related to its Automated Improvement Mechanism (“AIM”). The text of the proposed rule change is provided below.

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C2 Options Exchange, Incorporated Rules

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Rule 6.51. Automated Improvement Mechanism (“AIM”)

Notwithstanding the provisions of Rule 6.50, a Participant that represents agency orders may electronically execute an order if it represents as agent (“Agency Order”) against principal interest or against a solicited order provided it submits the Agency Order for execution into the AIM auction (“Auction”) pursuant to this Rule. (a)–(b) No change.

. . . Interpretations and Policies:

.01–.02 No change.

.03 Initially, and for at least a Pilot Period expiring on July 18, 2011[5]6, there will be no minimum size requirement for orders to be eligible for the Auction. During this Pilot Period, the Exchange will submit certain data, periodically as required by the Commission, to provide supporting evidence that, among other things, there is meaningful competition for all size orders and that there is an active and liquid market functioning on the Exchange outside of the Auction mechanism. Any raw data which is submitted to the Commission will be provided on a confidential basis.

.04–.09 No change.

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The text of the proposed rule change is also available on the Exchange’s website (http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx), at the Exchange’s Office of the Secretary, 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 Exchange 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 Exchange 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

In December 2009, the Securities and Exchange Commission (the “Commission”) approved adoption of C2’s rules, including the AIM auction process.3 AIM exposes certain orders electronically to an auction process to provide these orders with the opportunity to receive an execution at an improved price. The AIM auction is available only for orders that a Trading Permit Holder represents as agent (“Agency Order”) and for which a second order of the same size as the Agency Order (and on the opposite side of the market) is also submitted (effectively stopping the Agency Order at a given price).4

The Commission approved on a pilot basis the component of AIM that there is no minimum size requirement for orders to be eligible for the auction. In connection with the pilot programs, the Exchange has submitted to the Commission reports providing detailed AIM auction and order execution data. The Exchange will provide the Commission six months of additional AIM auction and order execution data for the period of January 1, 2015 to June 30, 2015 no later than January 18, 2016. The raw data provided will be submitted on a confidential basis. In addition, the Exchange will submit tables summarizing AIM price improvement statistics for each month of the January 1, 2015 to June 30, 2015 period. The summary tables will be made available to the public. Five one-year extensions to the pilot program have previously become effective.5 The proposed rule change merely extends the duration of the pilot program until July 18, 2016. Extending the pilot for an additional year will allow the Commission more time to consider the impact of the pilot program on AIM order executions.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to a national securities exchange.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Exchange Act, that the proposed rule change (SR–NYSEArca–2015–25), as modified by Amendment No. 1, is hereby approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.10

Robert W. Errett,
Deputy Secretary.

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2 The Exchange first activated AIM on October 17, 2011 for P.M.-settled options on the S&P 500 Index (SPXpm), which are no longer listed on the Exchange. Currently, AIM is not activated for any classes on C2.


