**SECURITIES AND EXCHANGE COMMISSION**


**Self-Regulatory Organizations; Bats BZX Exchange, Inc.: Notice of Filing of a Proposed Rule Change To Amend BZX Rule 14.11, Other Securities, To Provide for the Inclusion of Cash in an Index Underlying a Series of Index Fund Shares**

May 19, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),1 and Rule 19b–4 thereunder,2 notice is hereby given that on May 12, 2017, Bats BZX Exchange, Inc. (the "Exchange" or "BZX") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The 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 the Substance of the Proposed Rule Change

The Exchange filed a proposal to amend BZX Rule 14.11, Other Securities, to provide for the inclusion of cash in an index underlying a series of Index Fund Shares.

The text of the proposed rule change is available at the Exchange’s Web site at www.bats.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 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 parts of such statements.

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

1. Purpose

The Exchange proposes to amend BZX Rule 14.11(c), Index Fund Shares, to provide for the inclusion of cash in an index underlying a series of Index Fund Shares ("Shares").3 More specifically, BZX Rules 14.11(c)(3) and 14.11(c)(4) provide “generic” criteria permitting listing and trading of Shares pursuant to Rule 19b–4(e) under the Act when the underlying index or portfolio satisfies the criteria set forth in BZX Rules 14.11(c)(3) related to equity securities or 14.11(c)(4) related to fixed income securities.

The Exchange understands that certain index providers have included, or intend to include, cash as a component in indexes that also include equity or fixed income securities components. An index provider may, for example, provide a certain index weighting allocation to cash or may periodically change an allocation to cash based on the index provider’s assessment of market risk associated with other asset classes in the applicable index. Accordingly, the Exchange proposes to amend BZX Rules 14.11(c)(3) and 14.11(c)(4) to explicitly permit listing and trading of Shares based on an index or portfolio that includes cash as a component.

BZX Rule 14.11(c)(3)(A)(i) currently provides that the component stocks of an index or portfolio of U.S. Component Stocks5 underlying a series of Shares must meet certain requirements related to the market cap, trading volume, weighting, diversity, and security requirements. BZX Rule 14.11(c)(3)(A)(ii) currently provides that the components of an index or portfolio underlying a series of Shares that consist of either only Non-U.S. Component Stocks6 or both U.S. Component Stocks and Non-U.S. Component Stocks must meet certain similar requirements related to the market cap, trading volume, weighting, diversity, and security requirements that are either equally or more restrictive than for an index or portfolio of U.S. Component Stocks. Finally, BZX Rule 14.11(c)(4)(B)(i) provides that each component of an index or portfolio that underlies a series of Shares shall meet the following criteria: The index or portfolio must consist of Fixed Income Securities7 as well as certain issuer requirements. As described below, the proposed amendments to BZX Rule 14.11(c)(3) and 14.11(c)(4) would make clear that cash is permitted to be held as an index or portfolio component and how such

---

1 Pursuant to BZX Rule 14.11(c)(1)(D), the term “U.S. Component Stock” shall mean an equity security that is registered under Sections 12(b) or 12(g) of the Act, or an American Depositary Receipt, the underlying equity security of which is registered under Sections 12(b) or 12(g) of the Act. 
2 Pursuant to BZX Rule 14.11(c)(1)(E), the term “Non-U.S. Component Stock” shall mean an equity security that [a] is not registered under Sections 12(b) or 12(g) of the Act, (b) is issued by an entity that is not organized, domiciled or incorporated in the United States, and (c) is issued by an entity that is an operating company (including Real Estate Investment Trusts (REITs) and income trust, but excluding investment trusts, unit trusts, mutual funds, and derivatives). 
3 Pursuant to BZX Rule 14.11(c)(4), Fixed Income Securities are debt securities that are notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, U.S. Department of Treasury securities (“Treasury Securities”), government-sponsored entity securities (“GSE Securities”), municipal securities, trust preferred securities, supranational debt and debt of a foreign country or a subdivision thereof. 
4 A Component Stock of an index or portfolio that meets the criteria set forth in BZX Rules 14.11(c)(3) and 14.11(c)(4) may be a component in indexes that also include equity or fixed income securities components. An index provider may provide a certain index weighting allocation to cash or may periodically change an allocation to cash based on the index provider’s assessment of market risk associated with other asset classes in the applicable index. 
5 Pursuant to BZX Rule 14.11(c)(1)(D), the term “U.S. Component Stock” shall mean an equity security that is registered under Sections 12(b) or 12(g) of the Act, or an American Depositary Receipt, the underlying equity security of which is registered under Sections 12(b) or 12(g) of the Act. 
6 Pursuant to BZX Rule 14.11(c)(1)(E), the term “Non-U.S. Component Stock” shall mean an equity security that [a] is not registered under Sections 12(b) or 12(g) of the Act, (b) is issued by an entity that is not organized, domiciled or incorporated in the United States, and (c) is issued by an entity that is an operating company (including Real Estate Investment Trusts (REITs) and income trust, but excluding investment trusts, unit trusts, mutual funds, and derivatives). 
7 Pursuant to BZX Rule 14.11(c)(4), Fixed Income Securities are debt securities that are notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, U.S. Department of Treasury securities (“Treasury Securities”), government-sponsored entity securities (“GSE Securities”), municipal securities, trust preferred securities, supranational debt and debt of a foreign country or a subdivision thereof.
would be applied only to the Fixed Income Securities accounting for at least 75% of the weight of the index or portfolio have a minimum original principal amount outstanding of $100 million would be applied only to the 90% portion of the index or portfolio that consists of Fixed Income Securities.

The Exchange notes that the Commission has previously approved Exchange rules allowing portfolios held by issues of Managed Fund Shares (actively-managed exchange-traded funds) under BZX Rule 14.11(i)(4)(C) to include cash.10 Like the provision in

10 Proposed changes to BZX Rule 14.11(c)(3)(A)(ii)(a) would provide that component stocks (excluding Derivative Securities Products) that in the aggregate account for at least 90% of the weight of the U.S. Component Stocks portion of the index or portfolio (excluding such Derivative Securities Products) each shall have a minimum market value of at least $75 million.

...
investors with greater ability to hold Shares based on underlying indexes that may accord more closely with an investor’s assessment of market risk.

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

In accordance with Section 6(b)(8) of the Act,13 the Exchange believes that the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change would explicitly permit Exchange listing and trading under Rule 19b–4(e) of Shares based on indexes that include cash as a component, which would enhance competition among market participants, to the benefit of investors and the marketplace.

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

The Exchange has neither solicited nor received written comments on 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 such 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@sro.gov. Please include File Number SR–BatsBZX–2017–26 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–BatsBZX–2017–26. 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 also will 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–BatsBZX–2017–26, and should be submitted on or before June 15, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.14

Eduardo A. Aleman,
Assistant Secretary.

[FR Doc. 2017–10686 Filed 5–24–17; 8:45 am]
BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Designation of a Longer Period for Commission Action on Proposed Rule Change Amending Its Listing Standards for Special Purpose Acquisition Companies To Modify the Initial and Continued Distribution Requirements

May 19, 2017.

On March 20, 2017, the New York Stock Exchange LLC (“NYSE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)1 and Rule 19b–4 thereunder,2 a proposed rule change to amend its listing standards for Special Purpose Acquisition Companies (“SPAC”) to modify the initial and continued distribution requirements, and to make other minor changes. The proposed rule change was published for comment in the Federal Register on April 6, 2017.3 The Commission received no comments on the proposal.

Section 19(b)(2) of the Act4 provides that within 45 days of the notice publication of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding, or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day after publication of the notice for this proposed rule change is May 21, 2017. The Commission is extending this 45-day time period. The Commission finds it appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the proposal. Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,5 designates July 5, 2017, as the date by which the Commission shall either approve or disapprove, or institute

5 Id.