

requirements are important because the existence of a significant number of stockholders can be an indicia of a liquid trading market which helps to support price discovery. The Exchange further represented, in contrast to operating companies, that the securities of a SPAC trade very close to their liquidation value. The Exchange concludes that because the pricing of a SPAC is related to its liquidation value there is less reliance on stockholder requirements when listing SPACs, as opposed to operating companies, to assure appropriate price discovery.

The Commission believes that the conversion right and the nature of SPAC securities pricing support the proposed amendment to treat securities of SPACs and operating companies differently. In approving the NYSE's proposal, the Commission notes that we are doing so only in the narrow context of SPACs based on the NYSE's representations that the added liquidity and price discovery that additional shareholders can provide to the market place is less important in the context of a SPAC due to the price discovery issues noted above. As NYSE also notes in its filing, once the SPAC becomes an operating company it will have to meet the higher 400 round lot holder requirement to remain listed and the 400 total stockholders continued listing standard requirement, which is the same standard for any operating company. As noted earlier, the Exchange proposed to make a number of technical amendments. The Commission finds these technical changes should clarify the Exchange's rules, as well as help to avoid confusion on which continued distribution standards apply, and are consistent with the requirements of the Act. Based on the foregoing, the Commission finds that the proposed changes to SPAC listing standards are consistent with the requirements of the Act.

#### V. Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 2

The Commission finds good cause, pursuant to Section 19(b)(2) of the Act,<sup>18</sup> for approving the proposed rule change, as modified by Amendment No. 2, prior to the 30th day after publication of Amendment No. 2 in the **Federal Register**. Amendment No. 2 revises the proposed continued listing distribution standards from a requirement of 300 total stockholders to a requirement of 300 public stockholders, specifies that Section 802.01A does not apply to SPACs, defines the term "public

stockholders", and corrects typographical errors. The Commission notes that the other changes proposed in the rule change are not being amended and was subject to a full notice-and-comment period and no comments were received.<sup>19</sup> The revisions in Amendment No. 2 align the proposal more closely to Nasdaq Capital Market with respect to the public stockholders continued distribution requirement and definition of the term, adds clarity to the proposal, and does not raise any novel regulatory concerns. Accordingly, the Commission finds that good cause exists to approve the proposal, as modified by Amendment No. 2, on an accelerated basis.

#### VI. Conclusion

*It is therefore ordered that pursuant to Section 19(b)(2) of the Act*<sup>20</sup> that the proposed rule change, as modified by Amendment No. 2, (SR-NYSE-2017-11) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>21</sup>

**Eduardo A. Aleman,**  
Assistant Secretary.

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### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-81077; File No. SR-NYSEArca-2017-55]

#### Self-Regulatory Organizations; NYSE Arca, Inc.; Order Approving a Proposed Rule Change, as Modified by Amendment No. 1 Thereto, To List and Trade Shares of the GraniteShares Gold Trust Under NYSE Arca Equities Rule 8.201

July 5, 2017.

#### I. Introduction

On March 8, 2017, NYSE Arca, Inc. ("NYSE Arca" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to list and trade shares ("Shares") of the GraniteShares Gold Trust ("Trust") under NYSE Arca Equities Rule 8.201. The proposed rule change was published for comment in

the **Federal Register** on May 25, 2017.<sup>3</sup> On June 21, 2017, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>4</sup> The Commission has not received any comments on the proposed rule change. This order approves the proposed rule change, as modified by Amendment No. 1.

#### II. The Description of the Proposed Rule Change, as Modified by Amendment No. 1<sup>5</sup>

The Exchange proposes to list and trade shares ("Shares") of the GraniteShares Gold Trust ("Trust") under NYSE Arca Equities Rule 8.201.<sup>6</sup> NYSE Arca Equities Rule 8.201 governs the listing and trading, or trading pursuant to unlisted trading privileges of Commodity-Based Trust Shares on the Exchange.<sup>7</sup>

The investment objective of the Trust will be for the Shares to reflect the performance of the price of gold, less the expenses and liabilities of the Trust. The Trust will issue Shares which represent units of fractional undivided beneficial interest in and ownership of the Trust.

The Sponsor of the Trust is GraniteShares LLC, a Delaware limited liability company. The Bank of New York Mellon is the trustee of the Trust ("Trustee")<sup>8</sup> and ICBC Standard Bank

<sup>3</sup> See Securities Exchange Act Release No. 80730 (May 19, 2017), 82 FR 24180 ("Notice").

<sup>4</sup> In Amendment No. 1, the Exchange: (1) Clarified the process for Authorized Participants to surrender Baskets of Shares; and (2) provided additional information regarding which futures exchanges are members of the Intermarket Surveillance Group ("ISG"). Amendment No. 1 is available at: <https://www.sec.gov/comments/sr-nysearca-2017-55/nysearca201755-1818378-154146.pdf>. Amendment No. 1 is not subject to notice and comment because it is a technical amendment that does not materially alter the substance of the proposed rule change or raise any novel regulatory issues.

<sup>5</sup> A more detailed description of the Trust and the Shares, as well as investment risks, creation and redemption procedures, NAV calculation, availability of information and fees, among other things, is included in the Registration Statement, *infra* note 6.

<sup>6</sup> On January 3, 2017, the Trust submitted to the Commission its draft registration statement on Form S-1 ("Registration Statement") under the Securities Act of 1933 (15 U.S.C. 77a).

<sup>7</sup> A "Commodity-Based Trust Share" is a security (a) that is issued by a trust that holds a specified commodity deposited with the trust; (b) that is issued by such trust in a specified aggregate minimum number in return for a deposit of a quantity of the underlying commodity; and (c) that, when aggregated in the same specified minimum number, may be redeemed at a holder's request by such trust which will deliver to the redeeming holder the quantity of the underlying commodity. See NYSE Arca Equities Rule 8.201(c)(1).

<sup>8</sup> The Trustee is responsible for the day-to-day administration of the Trust. The responsibilities of the Trustee include (1) processing orders for the creation and redemption of Baskets; (2) coordinating with the Custodian the receipt and delivery of gold transferred to, or by, the Trust in

<sup>19</sup> See note 6, *supra*.

<sup>20</sup> *Id.*

<sup>21</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>18</sup> 15 U.S.C. 78s(b)(2).

PLC is the custodian of the Trust (“Custodian”).<sup>9</sup>

### III. Discussion and Commission Findings

After careful review, the Commission finds that the Exchange’s proposed rule change to list and trade the Shares is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>10</sup> In particular, the Commission finds that the proposal is consistent with Section 11A(a)(1)(C)(iii) of the Act,<sup>11</sup> 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. The last-sale price for the Shares will be disseminated over the Consolidated Tape. According to the Exchange, there is a considerable amount of information about gold and gold markets available on public Web sites and through professional and subscription services. Investors may obtain gold pricing information on a 24-hour basis based on the spot price for an ounce of gold from various financial information service providers.<sup>12</sup>

connection with each issuance and redemption of Baskets; (3) calculating the net asset value of the Trust on each business day; and (4) selling the Trust’s gold as needed to cover the Trust’s expenses.

<sup>9</sup> The Custodian is responsible for safekeeping the gold owned by the Trust, and will facilitate the transfer of gold in and out of the Trust (i) through the unallocated gold accounts it may maintain for each authorized participant or unallocated gold accounts that may be maintained for an authorized participant by another gold clearing bank, and (ii) through the unallocated gold accounts it will maintain for the Trust. The Trust will take delivery of physical gold that complies with the London Bullion Markets Association (“LBMA”) gold delivery rules.

<sup>10</sup> In approving this proposed rule change, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>11</sup> 15 U.S.C. 78k–1(a)(1)(C)(iii).

<sup>12</sup> The Exchange states that Reuters and Bloomberg, for example, provide at no charge on their Web sites delayed information regarding the spot price of gold and last sale prices of gold futures, as well as information about news and developments in the gold market. Reuters and Bloomberg also offer a professional service to subscribers for a fee that provides information on gold prices directly from market participants. Complete real-time data for gold futures and options prices traded on the COMEX are available by subscription from Reuters and Bloomberg. There are a variety of other public Web sites providing information on gold, ranging from those specializing in precious metals to sites maintained by major newspapers. In addition, the LBMA Gold Price is publicly available at no charge at [www.lbma.org.uk](http://www.lbma.org.uk). See Notice, *supra* note 3, 82 FR at 24182–3.

Additionally, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Exchange Act,<sup>13</sup> which requires, among other things, that the Exchange’s rules be designed to prevent fraudulent and manipulative acts and practices, 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 notes that the Exchange has surveillance-sharing agreements with significant, regulated markets for trading futures on gold. Specifically, according to the Exchange, (1) the most significant gold futures exchange in the U.S. is COMEX, a subsidiary of New York Mercantile Exchange, Inc., and a subsidiary of the Chicago Mercantile Exchange Group (“CME Group”), and ICE Futures US (“ICE”) also lists gold futures;<sup>14</sup> and (2) the CME Group and ICE are members of the ISG,<sup>15</sup> which will allow NYSE Arca to obtain surveillance information from COMEX and ICE. Both COMEX and ICE are regulated by the U.S. Commodity Futures Trading Commission (“CFTC”).<sup>16</sup>

The Commission believes that the proposed rule change is reasonably designed to promote fair disclosure of information that may be necessary to price the Shares appropriately. NYSE Arca Equities Rule 8.201(e)(2)(v) requires that an intraday indicative value (“IIV,” which is referred to in the rule as the “Indicative Trust Value”) be calculated and disseminated at least every 15 seconds. The IIV will be calculated based on the amount of gold held by the Trust and a price of gold derived from updated bids and offers indicative of the spot price of gold. The Exchange states that the IIV relating to the Shares will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Core Trading Session.<sup>17</sup> The NAV of the Trust will be published by the Sponsor on each day that the NYSE Arca is open for regular trading and will be posted on the Trust’s Web site.<sup>18</sup> The Trust also will publish the following

information on their Web site: (1) The mid-point of the bid-ask price as of the close of trading (“Bid/Ask Price”), and a calculation of the premium or discount of such price against such NAV; (2) data in chart format displaying the frequency distribution of discounts and premiums of the Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters; (3) the Trust’s prospectus, as well as the two most recent reports to stockholders; and (4) the last-sale price of the Shares as traded in the U.S. market.<sup>19</sup> In addition, 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 Commission also believes that the proposal is reasonably designed to prevent trading when a reasonable degree of transparency cannot be assured. With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares. Trading on the Exchange in the Shares may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) The extent to which conditions in the underlying gold market have caused disruptions and/or lack of trading, or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. In addition, trading in Shares will be subject to trading halts caused by extraordinary market volatility pursuant to the Exchange’s “circuit breaker” rule.<sup>20</sup> The Exchange will halt trading in the Shares if the NAV of the Trust is not calculated or disseminated daily.<sup>21</sup> The Exchange may halt trading during the day in which an interruption occurs to the dissemination of the IIV; if the interruption to the dissemination of the IIV persists past the trading day in which it occurs, the Exchange will halt trading no later than the beginning of the trading day following the interruption.<sup>22</sup>

Additionally, the Commission notes that market makers in the Shares would be subject to the requirements of NYSE

<sup>13</sup> 15 U.S.C. 78f(b)(5).

<sup>14</sup> See Notice, *supra* note 3, 82 FR at 24181.

<sup>15</sup> See Amendment No. 1, *supra* note 4.

<sup>16</sup> See <https://www.theice.com/futures-us/regulation> (“ICE Futures U.S. is a Designated Contract Market pursuant to the Commodity Exchange Act and regulated by the CFTC.”); Securities Exchange Act Release No. 68440 (December 14, 2012), 78 FR 75468, 75469 (December 20, 2012) (SR–NYSEArca–2012–28) (COMEX is regulated by the CFTC).

<sup>17</sup> See Notice, *supra* note 3, 82 FR at 24182–3.

<sup>18</sup> See *id.* at 24184.

<sup>19</sup> See *id.* at 24183.

<sup>20</sup> See *id.*

<sup>21</sup> See *id.*

<sup>22</sup> See *id.*

Arca Equities Rule 8.201(g), which allow the Exchange to ensure that they do not use their positions to violate the requirements of Exchange rules or applicable federal securities laws.<sup>23</sup>

In support of this proposal, the Exchange has made the following additional representations:

(1) The Shares will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Equities Rule 8.201.<sup>24</sup>

(2) The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions.<sup>25</sup>

(3) The Exchange deems the Shares to be equity securities.<sup>26</sup>

(4) The Exchange also has a general policy prohibiting the distribution of material, non-public information by its employees.<sup>27</sup>

(5) Trading in the Shares will be subject to the existing trading surveillances administered by the Exchange, as well as cross-market surveillances administered by FINRA on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws, and 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.<sup>28</sup>

(6) The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares with other markets and other entities that are members of the ISG, and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in the Shares from such markets and other entities. In addition, the Exchange may obtain information

<sup>23</sup> Commentary .04 of NYSE Arca Equities Rule 6.3 requires that an ETP Holder acting as a registered market maker in the Shares, and its affiliates, establish, maintain and enforce written policies and procedures reasonably designed to prevent the misuse of any material nonpublic information with respect to such products, any components of the related products, any physical asset or commodity underlying the product, applicable currencies, underlying indexes, related futures or options on futures, and any related derivative instruments.

<sup>24</sup> See *id.*

<sup>25</sup> See *id.*

<sup>26</sup> See *id.* The Commission notes that, as a result, trading of the Shares will be subject to the Exchange's existing rules governing the trading of equity securities.

<sup>27</sup> See *id.* at 24184.

<sup>28</sup> See *id.* at 24183. FINRA conducts cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement. See *id.* at 24183, n.28.

regarding trading in the Shares from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.<sup>29</sup>

(7) 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. Specifically, the Information Bulletin will discuss the following: (1) The procedures for purchases and redemptions of Shares in Baskets (including noting 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) how information regarding the IIV is disseminated; (4) ETP Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; (5) the possibility that trading spreads and the resulting premium or discount on the Shares may widen as a result of reduced liquidity of gold trading during the Core and Late Trading Sessions after the close of the major world gold markets; and (6) trading information.<sup>30</sup>

(8) All statements and representations made in this filing regarding (a) the description of the portfolio, (b) limitations on portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in this rule filing shall constitute continued listing requirements for listing the Shares of the Trust on the Exchange.<sup>31</sup>

(9) The issuer has represented to the Exchange that it will advise the Exchange of any failure by the Trust to comply with the continued listing requirements and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will monitor for compliance with the continued listing requirements. If the Trust is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under the NYSE Arca Equities Rule 5.5(m).<sup>32</sup>

This approval order is based on all of the Exchange's representations—including those set forth above, in the Notice, and in Amendment No. 1—and the Exchange's description of the Trust.

For the foregoing reasons, the Commission finds that the proposed rule change, as modified by Amendment

<sup>29</sup> See *id.* at 24183–84.

<sup>30</sup> See *id.* at 24184.

<sup>31</sup> See *id.* at 24184.

<sup>32</sup> See *id.*

No. 1, is consistent with Section 6(b)(5) of the Act<sup>33</sup> 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,<sup>34</sup> that the proposed rule change (SR–NYSEArca–2017–55), as modified by Amendment No. 1 be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>35</sup>

**Eduardo A. Aleman,**  
Assistant Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–81078; File No. SR–IEX–2017–22]

### Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing of Proposed Rule Change To Introduce a New Market Maker Peg Order

July 5, 2017.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the “Act”)<sup>2</sup> and Rule 19b–4 thereunder,<sup>3</sup> notice is hereby given that, on June 30, 2017, the Investors Exchange LLC (“IEX” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 (“Act”),<sup>4</sup> and Rule 19b–4 thereunder,<sup>5</sup> Investors Exchange LLC (“IEX” or the “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to introduce a new Market Maker Peg Order, designed

<sup>33</sup> 15 U.S.C. 78f(b)(5).

<sup>34</sup> 15 U.S.C. 78s(b)(2).

<sup>35</sup> 17 CFR 200.30–3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b–4.

<sup>4</sup> 15 U.S.C. 78s(b)(1).

<sup>5</sup> 17 CFR 240.19b–4.