SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change To List and Trade Shares of the Sprott Physical Gold and Silver Trust Under NYSE Arca Rule 8.201–E

November 17, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”) and Rule 19b–4 thereunder, 3 notice is hereby given that, on November 9, 2017, 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, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to list and trade shares of the following under NYSE Arca Rule 8.201–E: Sprott Physical Gold and Silver Trust (“Trust”). The proposed change is available on the Exchange’s Web site at www.nyre.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

Under NYSE Arca Rule 8.201–E, the Exchange may propose to list and/or trade pursuant to unlisted trading privileges (“UTP”), “Commodity-Based Trust Shares.” 4 The Exchange proposes to list and trade shares of the Trust pursuant to NYSE Arca Rule 8.201–E, defined herein and in the Proxy Circular (defined below) as “Units.” The Units will be issued in connection with a plan of arrangement under the Alberta Business Corporations Act (“Arrangement”) involving Sprott Inc. (“Sprott”), the Trust, Central Fund of Canada Limited (“CFCL”) and its shareholders, The Central Group Alberta Ltd. (“CGAL”) and its shareholders and 2070140 Alberta Ltd. (“2070140”) as described in “Description of the Arrangement” below.

Sprott Asset Management LP will be the sponsor and manager of the Trust (“Manager”). 5 RBC Investor Services Trust (“RBC”) will be the trustee and valuation agent of the Trust (“Trustee”) or “Valuation Agent,” as the case may be) and the custodian of the Trust’s assets other than physical gold and silver bullion (“Non-Gold and Silver Custodian”). 6 The Trust will appoint a

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4 Commodity-Based Trust Shares are securities issued by a trust that represent investors’ discrete identifiable and undivided beneficial ownership interest in the commodities deposited into the Trust.
5 The Manager is a limited partnership formed and organized under the laws of the Province of Ontario, Canada, and acts as manager of the Trust pursuant to the trust agreement and the management agreement. The Manager will be responsible for the day-to-day activities and administration of the Trust. The Manager will manage and direct the business and affairs of the Trust. Additional details regarding the Manager are set forth in the Proxy Circular. The Manager has adopted a policy pursuant to which any entity or account that is: (a) Managed; or (b) for whom investment decisions are made, directly or indirectly, by a person that is involved in the decision-making process of, or has non-public information about, follow-on offerings of the Trust is prohibited from investing in the Trust, and no such decision-making person is permitted to invest in the Trust for that decision-making person’s benefit, directly or indirectly.
6 RBC is a trust company existing under the laws of Canada. RBC is affiliated with a broker-dealer. RBC will represent to the Exchange that it has put in place and will maintain the appropriate information barriers and controls between itself and the broker-dealer affiliate so that the broker-dealer affiliate will not have access to information concerning the composition and/or changes to the Trust’s holdings that are not available on the Trust’s Web site. The Trustee will hold title to the Trust’s assets on behalf of the unitholders of the Trust (“Unitholders”) and will have exclusive authority over the assets and affairs of the Trust. The Trustee has a fiduciary responsibility to act in the best interest of the Unitholders. Additional details regarding the Trustee are set forth in the Proxy Circular.
7 According to the Proxy Circular, the Non-Gold and Silver Custodian will be responsible for the safekeeping of all of the assets of the Trust delivered to it and will act as the custodian of such assets. The Manager, in accordance with applicable law and with the consent of the Trustee, will have the authority to change the custodial arrangement
custodian for the Trust’s physical gold and silver bullion (“Gold and Silver Custodian”). The TSX Trust Company will be the transfer agent of the Trust (“Transfer Agent”).

The Commission has previously approved listing on the Exchange under NYSE Arca Rules 5.2–E(i)(15) and 8.201–E of other precious metals and gold-based commodity trusts, including: Merk Gold Trust; ETFS Gold Trust; ETFS Platinum Trust; ETFS Palladium Trust; APMEX Physical-1 oz. Gold Redeemable Trust; Sprott Gold Trust; 14 iShares Silver Trust; Merk Gold Trust; ETFS Gold Trust; 10 ETFS Gold Trust; 15 Cold Dollar Gold Trust. Prior to their listing on the Exchange, the Commission approved listing of the streetTRACKS Gold Trust on the New York Stock Exchange and listing of iShares COMEX Gold Trust and iShares Silver Trust on the American Stock Exchange, LLC. In addition, the Commission has approved trading of the streetTRACKS Gold Trust and iShares Silver Trust on the Exchange pursuant to UTP. The Exchange represents that the Units satisfy the requirements of NYSE Arca Rule 8.201–E and thereby qualify for listing on the Exchange.

Description of the Arrangement

CFCL is a passive, non-operating, specialized investment holding company organized under the laws of the Province of Alberta, which buys and holds almost entirely pure refined gold and silver bullion, primarily in international bar form. The issued and outstanding share capital of CFCL consists of common shares (“CFCL Common Shares”) and Class A non-voting shares (“CFCL Class A Shares”). The CFCL Class A Shares are listed for trading on the Toronto Stock Exchange (“TSX”) under the symbols “CEF.A” (Cdn.$) and “CEF.U” (U.S.$), and on the NYSE American under the symbol “CEF.” CFCL is a “foreign private issuer,” as defined in Rule 3b–4 under the Exchange Act.

According to the Manager, under the Arrangement, the Trust will acquire all the assets and assume all the liabilities of CFCL (other than CFCL’s administration agreement), in exchange for that number of fully paid and non-assessable Units as is equal to the aggregate number of CFCL Class A Shares and CFCL Common Shares issued and outstanding immediately prior to the effective time of the Arrangement. The CFCL Common Shares and the common shares of 2070140 will be acquired by Sprott in exchange for, among other things, cash consideration of $105 million Canadian dollars and 6,997,379 common shares of Sprott. CFCL will then promptly redeem and cancel the outstanding CFCL Class A Shares and the CFCL Common Shares and distribute to the former holders thereof one Unit for each such share held.

The Court of Queen’s Bench Alberta (Calgary) will pass upon the substantive and procedural fairness of the terms and conditions of the Arrangement to holders of CFCL Class A Shares and CFCL Common Shares and as such, the distribution of Units to the holders of the CFCL Class A Shares will be exempt from registration under the Securities Act of 1933, as amended ("Securities Act") pursuant to Section 3(a)(10) thereof, which exempts the issuance of any securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction, after a hearing upon the fairness of the terms and conditions of such issuance and exchange at which all persons to whom it is proposed to issue the securities have the right to appear and receive timely notice thereof.

The CFCL Class A Shares are registered under Section 12(b) of the Exchange Act, based upon a listing of the CFCL Class A Shares on the NYSE American. Pursuant to Rule 12g–3(a) under the Exchange Act, the Units will “succeed” to the Section 12(b) Exchange Act registration of the CFCL Class A Shares upon completion of the Arrangement. In order to change the Section 12(b) registration of the Units from one based upon a listing on the NYSE American to one based upon a listing on the NYSE Arca, the Trust will file a separate initial registration statement on Form 8–A under the Exchange Act to register the Units under the Exchange Act based upon a listing of the Units on the NYSE Arca.

After completion of the Arrangement, the Trust will furnish current reports to the Commission on Form 6–K in accordance with Rules 13a–1 and/or 13a–3 under the Exchange Act. The Trust will also file with the Commission annual reports on Form 40–F under the Canada/U.S. MultijurisdictionalDisclosure System. Information included in such filings (and which will be made available to Unitholders) will include (i) annual information form, (ii) annual financial statements, (iii) annual management report on fund performance (“MRFP”), (iv) quarterly financial statements, (v) quarterly MRFP and (vi) report of independent review committee.

Approval of holders of two-thirds of the issued and outstanding CFCL Class A Shares and of the issued and outstanding CFCL Common Shares each

including, but not limited to, the appointment of a replacement custodian/or additional custodians. Additional details regarding the Non-Gold and Silver Custodian are set forth in the Proxy Circular.

According to the Proxy Circular, the Trust’s physical gold and silver bullion will be fully allocated and stored with the Gold and Silver Custodian or a sub-custodian of the Gold and Silver Custodian. The Gold and Silver Custodian will be responsible for and will bear all risk of the loss of, and damage to, the Trust’s physical gold and silver bullion that is in its or its sub-custodian’s custody, subject to certain limitations based on events beyond the Gold and Silver Custodian’s control. The Manager, with the consent of the Trustee, may determine to change the custodial arrangement of the Trust. Additional details regarding the Gold and Silver Custodian are set forth in the Proxy Circular.

voting as a separate class, as well as a majority of uninterested (in the transaction) holders of the issued and outstanding CFCL Class A Shares and of the issued and outstanding CFCL Common Shares, each voting as a separate class, will be required to effect the Arrangement.22

Operation of the Trust

According to the Proxy Circular, the investment objective of the Trust is to participate in the Arrangement and to subsequently invest and hold substantially all of its assets in physical gold and silver bullion.23 The Trust is authorized to issue an unlimited number of Units in an unlimited number of classes and series of a class. Each Unit of a class or series of a class represents an undivided ownership interest in the net assets of the Trust attributable to that class or series of a class of Units.

The Trust will seek to provide a secure, convenient and exchange-traded investment alternative for investors interested in holding physical gold and silver bullion without the inconvenience that is typical of a direct investment in physical gold and silver bullion. The Trust will invest primarily in long-term holdings of unencumbered, fully allocated, physical gold and silver bullion and will not speculate with regard to short-term changes in gold and silver prices. Pursuant to the trust agreement, the Manager has full authority and exclusive power to manage and direct the business and affairs of the Trust, subject to the Trust’s investment and operating restrictions.24

According to the Manager, the Trust will not invest in gold or silver certificates (other than legacy gold and silver certificates previously held by CFCL which historically represent less than 1% of CFCL’s assets, and which will be sold for cash as soon as practicable following the completion of the Arrangement) or other financial instruments that represent gold or silver or that may be exchanged for gold or silver and will not purchase, sell or hold derivatives. The Trust does not anticipate making regular cash distributions to Unitholders.

According to the Proxy Circular, the Trust is neither an investment company registered or required to be registered under the Investment Company Act of 1940, as amended, nor a commodity pool for purposes of the Commodity Exchange Act ("CEA"),26 and neither the Manager nor the Trustee is subject to regulation as a commodity pool operator or a commodity trading adviser in connection with the operation of the Trust.

Operation of the Gold and Silver Markets

According to the Proxy Circular, the global trade in gold and silver consists of over-the-counter ("OTC"),

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22 In connection therewith, CFCL prepared and mailed a proxy circular, dated October 26, 2017 ("Proxy Circular"), soliciting such approval at the meeting of such holders to be held on November 30, 2017, unless adjourned or postponed. The Proxy Circular was furnished by CFCL to the Commission (File No. 001–09038) on November 8, 2017, under cover of Form 6–K. The descriptions of the Trust and the Units contained herein are based, in part, on the Proxy Circular.

23 The Trust will obtain exemptive relief from the Canadian securities regulatory authorities for relief from certain requirements of National Instrument 81–102—Investment Funds, legislation which governs mutual funds and non-redeemable investment funds in each of the provinces and territories of Canada ("Exemptive Relief"), to permit: (i) The Trust to invest up to 100% of its assets in physical gold or silver bullion; (ii) the appointment of the Gold and Silver Custodian as custodian of the Trust’s physical gold or silver bullion assets, if required; (iii) purchases of Units on the Exchange and the TSX and redemption requests to be submitted directly to the registrar and Transfer Agent of the Trust; (iv) the redemption of Units and payment upon redemption of Units all as described under “Redemption for Physical Gold and Silver” and “Redemption of Units for Cash”; and (v) the Trust to establish a record date for distributions in accordance with the policies of the TSX and the Exchange.

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24 The Trust’s investment and operating restrictions provide that the Trust will invest in and hold a minimum of 90% of the total net assets of the Trust in physical gold and silver bullion in “London Good Delivery” bar (as defined in “Operation of the Gold and Silver Markets” below) form and hold no more than 10% of the total net assets of the Trust, at the discretion of the Manager, in physical gold and silver bullion (in London Good Delivery bar form or otherwise), gold or silver coins, debt obligations of or guaranteed by the Government of Canada or a province of Canada or by the Government of the United States or a state thereof, short-term commercial paper obligations of a corporation or other person whose short-term commercial paper is rated R–1 (or its equivalent, or higher) by Fitch Ratings or its successors or assigns or A–1 (or its equivalent, or higher) by Standard & Poor’s or its successors or assigns or P–1 (or its equivalent, or higher) by Moody’s Investor Service or its successors or assigns, interest-bearing accounts and short-term certificates of deposit issued or guaranteed by a Canadian chartered bank or trust company, money market mutual funds, short-term government debt or short-term investment grade corporate debt, cash or other short-term debt obligations approved by the Manager from time to time (for the purpose of this paragraph, the term “short-term” means having a date of maturity or call for payment not more than 182 days from the date on which the investment is made), except during the 60-day period following the closing of additional offerings or prior to the distribution of the assets of the Trust. Pursuant to the Exemptive Relief, the Trust will be permitted to invest up to 100% of its net assets, taken at market value of the time of purchase, in physical gold and silver bullion.


Commodities Exchange, Inc. ("COMEX"), a subsidiary of New York Mercantile Exchange, Inc. ("NYMEX"), and a subsidiary of CME Group Inc. ("CME Group"). See note 35, infra.

which the redemption request is processed) that is proportionate to the aggregate value of one London Good Delivery bar of gold based on the proportionate value of physical gold and silver bullion held by the Trust (as at the valuation time on the applicable redemption date in the month during which the redemption request is processed). Units redeemed for physical gold and silver bullion will have a redemption value equal to the aggregate value of the NAV per Unit of the redeemed Units on the last day of the month on which the Exchange is open for trading in the month during which the redemption request is processed (less applicable expenses described below) ("Redemption Amount").

The amount of physical gold and silver bullion a redeeming Unitholder is entitled to receive will be determined by the Manager, who will allocate the Redemption Amount to physical gold and silver bullion in direct proportion to the value of physical gold and silver bullion held by the Trust at the time of redemption ("Bullion Redemption Amount"). The quantity of each particular metal delivered to a redeeming Unitholder will be dependent on the applicable Bullion Redemption Amount and the number and individual weight of London Good Delivery bars of that metal that are held by the Trust on the redemption date. A redeeming Unitholder may not receive physical gold and silver bullion in the proportions then held by the Trust and, if the Trust does not have a London Good Delivery bar of a particular bar of a particular metal in inventory of a value equal to or less than the applicable Bullion Redemption Amount, the redeeming Unitholder will not receive any of that metal. The ability of a Unitholder to redeem Units for physical gold and silver bullion may be limited by the number of London Good Delivery bars held by the Trust at the time of redemption. Any Bullion Redemption Amount in excess of the value of the London Good Delivery bar or an integral multiple thereof of the particular metal to be delivered to the redeeming Unitholder can be paid in cash, as such excess amount will not be combined with any excess amounts in respect of the other metal for the purpose of delivering additional physical gold and silver bullion.

A Unitholder that owns a sufficient number of Units who desires to exercise redemption privileges for physical gold and silver bullion must do so by instructing his, her or its broker, who must be a direct or indirect participant of CDS Clearing and Depository Services Inc. or The Depository Trust Company, to deliver to the Transfer Agent on behalf of the Unitholder a written notice ("Bullion Redemption Notice") of the Unitholder’s intention to redeem Units for physical gold and silver bullion. Pursuant to the Exemptive Relief, the Transfer Agent will be permitted to directly accept redemption requests. A Bullion Redemption Notice must be received by the Transfer Agent no later than 4:00 p.m., Eastern Time ("E.T."), on the 15th day of the month in which the Bullion Redemption Notice will be processed or, if such day is not a business day, then on the immediately following day that is a business day. Any Bullion Redemption Notice received after such time will be processed in the next month.

A Unitholder redeeming Units for physical gold and silver bullion will receive the physical gold and silver bullion from the Gold and Silver Custodian. Physical gold and silver bullion received by a Unitholder as a result of a redemption of Units will be delivered by armored transportation service carrier pursuant to delivery instructions provided by the Unitholder to the Manager, provided that the delivery instructions are acceptable to the armored transportation service carrier. The armored transportation service carrier will be engaged by or on behalf of, and the costs in connection therewith, will be borne by the redeeming Unitholder. Such physical gold and silver bullion can be delivered: (i) To an account established by the Unitholder at an institution located in North America authorized to accept and hold London Good Delivery bars; (ii) in the United States, to any physical address (subject to approval by the armored transportation service carrier); (iii) in Canada, to any business address (subject to approval by the armored transportation service carrier); and (iv) outside of the United States and Canada, to any address approved by the armored transportation service carrier. Physical gold and silver bullion delivered to an institution located in North America authorized to accept and hold London Good Delivery bars will likely retain its London Good Delivery status while in the custody of such institution; physical gold and silver bullion delivered pursuant to a Unitholder’s delivery instruction to a destination other an institution located in North America authorized to accept and hold London Good Delivery bars will no longer be deemed London Good Delivery once received by the Unitholder. Costs associated with the redemption of Units and the delivery of physical gold and silver bullion will be borne by the redeeming Unitholder.
The armored transportation service carrier will receive physical gold and silver bullion in connection with a redemption of Units approximately 10 business days after the end of the month in which the Bullion Redemption Notice is processed. Once the physical gold and silver bullion representing the redeemed Units has been placed with the armored transportation service carrier, the Gold and Silver Custodian will no longer bear the risk of loss of, and damage to, such physical gold and silver bullion. In the event of a loss after the physical gold and silver bullion has been placed with the armored transportation service carrier, the Unitholder will not have recourse against the Trust or the Gold and Silver Custodian.

Redemption of Units for Cash

According to the Proxy Circular, Unitholders whose Units are redeemed for cash will be entitled to receive a redemption price per Unit equal to 95% of the lesser of: (i) The average trading price of the Units traded on the Exchange or, if trading has been suspended on the Exchange, the trading price of the shares traded on the TSX,\(^{20}\) for the last five days on which the respective exchange is open for trading for the month in which the redemption request is processed; and (ii) the NAV of the redeemed Units as of 4:00 p.m., E.T., on the last day of such month on which the Exchange is open for trading. Pursuant to the Exemptive Relief, the redemption price will be permitted to be less than 100% of the NAV per Unit.

Cash redemption proceeds will be transferred to a redeeming Unitholder approximately three business days after the end of the month in which such redemption request is processed by the Trust.

To redeem Units for cash, a Unitholder must instruct the Unitholder’s broker to deliver a notice to redeem Units for cash (“Cash Redemption Notice”) to the Transfer Agent. The Transfer Agent will be permitted to directly accept redemption requests. A Cash Redemption Notice must be received by the Transfer Agent no later than 4:00 p.m., E.T., on the 15th day of the month in which the Cash Redemption Notice will be processed or, if such day is not a business day, then on the immediately following day that is a business day. Any Cash Redemption Notice received after such time will be processed in the next month.

Net Asset Value

According to the Proxy Circular, the Valuation Agent will calculate the NAV for each class of Units as of 4:00 p.m., E.T., on each business day. The NAV as of the valuation time on each business day will be the amount obtained by deducting from the aggregate fair market value of the assets of the Trust as of such date an amount equal to the fair value of the liabilities of the Trust (excluding all liabilities represented by outstanding Units, if any) as of such date.\(^{30}\) The NAV per Unit will be determined by dividing the NAV of the Trust on a date by the total number of Units then outstanding on such date. The fair market value of the assets of the Trust will be determined as follows:

(i) The value of physical gold and silver bullion will be its market value based on the prevailing price provided by a widely recognized pricing service as directed by the Manager and, if such service is not available, such physical gold and silver bullion will be valued at prices provided by another pricing service as determined by the Manager, in consultation with the Valuation Agent;

(ii) the value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, and interest accrued and not yet received, will be deemed to be the full amount thereof unless the Manager determines that any such deposit, bill, demand note, account receivable, prepaid expense or interest is not worth the full amount thereof, in which event the amount thereof will be deemed to be such value as the Manager determines to be the fair value thereof;

(iii) short-term investments including notes and money market instruments will be valued at cost plus accrued interest;

(iv) the value of any security or other property for which no price quotations are available or, in the opinion of the Manager (which may delegate such responsibility to the Valuation Agent under the valuation services agreement), to which the above valuation principles cannot or should not be applied, will be the fair value thereof determined from time to time in such manner as the Manager (or the Valuation Agent, as the case may be) will from time to time provide; and

(v) the value of all assets and liabilities of the Trust valued in terms of a currency other than the currency used to calculate the NAV will be converted to the currency used to calculate the NAV by applying the rate of exchange obtained from the best available sources to the Valuation Agent as agreed upon by the Manager including, but not limited to, the Trustee or any of its affiliates.

Secondary Market Trading

According to the Proxy Circular, Units may trade in the market at a premium or discount to the NAV per Unit. The amount of the discount or premium in the trading price relative to the NAV may be influenced by non-concurrent trading hours between the COMEX and the Exchange and the TSX. According to the Proxy Circular, the Unitholders will trade on the Exchange and the TSX until 4:00 p.m., E.T., liquidity in the global gold and silver markets will be reduced after the close of the COMEX at 1:30 p.m., E.T. As a result, during this time, trading spreads, and the resulting premium or discount to the NAV, may widen.

Availability of Information Regarding Gold and Silver

Currently, the Consolidated Tape Plan does not provide for dissemination of the spot price of a commodity, such as gold or silver, over the Consolidated Tape. However, there will be disseminated over the Consolidated Tape the quotation and last sale price for the Units, as is the case for all equity securities traded on the Exchange. In addition, there is a considerable amount of gold and silver price and gold and silver market information available on public Web sites and through professional and subscription services. Investors may obtain on a 24-hour basis gold or silver pricing information based on the spot price for an ounce of gold or silver from various financial information service providers, such as Reuters and Bloomberg. Reuters and Bloomberg provide at no charge on their Web sites delayed information regarding the spot price of gold and silver and last sale prices of gold and silver futures, as well as information on prices and developments in the gold and silver market. Reuters and Bloomberg also

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\(^{20}\) The Exchange can receive information regarding transactions on TSX through the Investment Industry Regulatory Organization of Canada, which is a member of the ISG. See note 35, infra.

\(^{30}\) According to the Manager, the Trust is a mutual fund under applicable Canadian securities legislation and must calculate its NAV pursuant to Part 14 of National Instrument 81–106—Investment Fund Continuous Disclosure ("NI 81–106"). NI 81–106 requires the Trust to subtract the "fair value" of its liabilities from the fair value of its assets when calculating its NAV. Subsection 14.2(1) of NI 81–106 defines fair value as (a) the market value based on reported prices and quotations in an active market; or (b) if the market value is not available, or the Manager believes that it is unreliable, a value that is fair and reasonable in all the relevant circumstances, and requires the Trust to establish and maintain appropriate written policies and procedures for determining fair value of the Trust’s assets and liabilities and to consistently follow those policies and procedures.
offer a professional service to subscribers for a fee that provides information on gold and silver prices directly from market participants. ICAP plc provides an electronic trading platform called EBS for the trading of spot gold and silver, as well as a feed of real-time streaming prices, delivered as record-based digital data from the EBS platform to its customer’s market data platform via Bloomberg or Reuters. Complete real-time data for gold and silver futures and options prices traded on the COMEX are available by subscription from Reuters and Bloomberg. The NYMEX also provides delayed futures and options information on current and past trading sessions and market news free of charge on its Web site. There are a variety of other public Web sites providing information on gold and silver, ranging from those specializing in precious metals to sites maintained by major newspapers. In addition, the LBMA Gold Price and the LBMA Silver Price are publicly available at no charge at www.lbma.org.uk.

Availability of Information

The intra-day indicative value (“IIV”) per Unit will be disseminated by one or more major market data vendors. The IIV will be calculated based on the amount of gold and silver held by the Trust and a price of gold and silver derived from updated bids and offers indicative of the spot prices of gold and silver.31

The IIV will be widely disseminated on a per Unit basis every 15 seconds during the NYSE Arca Core Trading Session by one or more major market data vendors. In addition, the IIV will be available through on-line information services.

The Web site for the Trust, which will be publicly accessible at no charge, will contain the following information: (a) The mid-point of the bid/ask price32 at the close of trading in relation to the NAV as of the time the NAV is calculated (“Bid/Ask Price”) and a calculation of the premium or discount of such price against such NAV; and (b) 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 (or for the life of the Trust, if shorter). The Trust Web site will provide the last sale price of the Units as traded in the U.S. market, as well as a breakdown, provided on a daily basis, of the holdings of the Trust by metal type. The Web site for the Trust will also provide the information described in the penultimate paragraph of “Description of the Arrangement” above.

The Trust’s daily (or as determined by the Manager in accordance with the trust agreement) NAV will be posted on the Trust’s Web site as soon as practicable. In addition, the Exchange will make available over the Consolidated Tape quotation information, trading volume, closing prices and NAV per Unit from the previous day.

Criteria for Initial and Continued Listing

The Trust will be subject to the criteria in NYSE Arca Rule 8.201–E, including 8.201–E(4), for initial and continued listing of the Units. A minimum of 100,000 Units will be required to be outstanding at the start of trading. The Exchange believes that the anticipated minimum number of Units outstanding at the start of trading is sufficient to provide adequate market liquidity.

Trading Rules

The Exchange deems the Units to be equity securities, thus rendering trading in the Units subject to the Exchange’s existing rules governing the trading of equity securities. Trading in the Units on the Exchange will occur in accordance with NYSE Arca Rule 7.34–E(a). The Exchange has appropriate rules to facilitate transactions in the Units during all trading sessions. As provided in NYSE Arca Rule 7.6–E, 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.

Further, NYSE Arca Rule 8.201–E sets forth certain restrictions on Equity Trading Permit Holders (“ETP Holders”) acting as registered Market Makers in the Units to facilitate surveillance. Pursuant to NYSE Arca Rule 8.201–E(g), an ETP Holder acting as a registered Market Maker in the Units is required to provide the Exchange with information relating to its trading in the underlying gold and silver and related futures or options on futures or any other related derivatives. Commentary .04 of NYSE Arca Rule 6.3–E requires an ETP Holder acting as a registered Market Maker, and its affiliates, in the Units to 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 (including the Units).

As a general matter, the Exchange has regulatory jurisdiction over its ETP Holders and their associated persons, which include any person or entity controlling an ETP Holder. A subsidiary or affiliate of an ETP Holder that does business only in commodities or futures contracts would not be subject to Exchange jurisdiction, but the Exchange could obtain information regarding the activities of such subsidiary or affiliate through surveillance sharing agreements with regulatory organizations of which such subsidiary or affiliate is a member.

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Units. Trading on the Exchange in the Units may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Units inadvisable. These may include: (1) The extent to which conditions in the underlying gold or silver 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 Units will be subject to trading halts caused by extraordinary market volatility pursuant to the Exchange’s “circuit breaker” rule.33

The Exchange will halt trading in the Units if the NAV of the Trust is not calculated or disseminated daily. 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. In addition, if the Exchange becomes aware that the NAV with respect to the Units is not disseminated to all market participants at the same time, it will halt trading in the Units until such time as the NAV is available to all market participants.

31 The IIV on a per Unit basis disseminated during the NYSE Arca Core Trading Session should not be viewed as a real-time update of the NAV, which will be calculated once a day.

32 The bid/ask price of the Trust is determined using the highest bid and lowest offer on the Consolidated Tape as of the time of calculation of the closing day NAV.

33 See NYSE Arca Rule 7.12–E.
Surveillance

The Exchange represents that trading in the Units will be subject to the existing trading surveillances administered by the Exchange, as well as cross-market 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. The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Units 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.

The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Units 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 Units from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Units from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement ("CSSA").

Also, pursuant to NYSE Arca Rule 8.201–E(g), the Exchange is able to obtain information regarding trading in the Units and the underlying gold and silver from various financial data providers during the Exchange’s Core Trading Session.

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

The Manager will represent 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 19g(1) of the Exchange 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 NYSE Arca Rule 5.5–E(m).

Information Bulletin

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 Units. Specifically, the Information Bulletin will discuss the following: (1) Redemptions of Units; (2) NYSE Arca Rule 9.2–E(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 Units; (3) how information regarding the IV is disseminated; and (4) trading information.

In addition, the Information Bulletin will reference that the Trust is subject to various fees and expenses as described in the Proxy Circular. The Information Bulletin will disclose that information about the Units of the Trust is publicly available on the Trust’s Web site. The Information Bulletin will also discuss any relief, if granted, by the Commission or the staff from any rules under the Exchange Act.

2. Statutory Basis

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

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Units will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Rule 8.201–E. The Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Units in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws. The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Units with other markets 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 Units from such markets. In addition, the Exchange may obtain information regarding trading in the Units from markets that are members of ISG or with which the Exchange has in place a CSSA, including COMEX. Also, pursuant to NYSE Arca Rule 8.201–E(g), the Exchange is able to obtain information regarding trading in the Units and the underlying gold and silver through ETP Holders acting as registered Market Makers, in connection with such ETP Holders’ proprietary or customer trades through ETP Holders which they effect on any relevant market.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest. There is a considerable amount of gold and silver price and gold and silver market information available on public Web sites and through professional and subscription services. Investors may obtain on a 24-hour basis gold or silver pricing information based on the spot price for an ounce of gold or silver from various financial information services. Complete real-time data for gold and silver futures and options prices traded on the COMEX are available by subscription from Reuters and Bloomberg. In addition, the LBMA Gold Price and LBMA Silver Price are publicly available at no charge at www.lbma.org.uk. The Trust’s daily (or as determined by the Manager in accordance with the trust agreement) NAV will be posted on the Trust’s Web site as soon as practicable. The Trust’s Web site will provide an IV per Unit, as calculated by a third party financial data provider during the Exchange’s Core Trading Session.

34 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.

35 For the list of current members of ISG, see https://www.isgportal.org/home.html.

Quotation and last-sale information regarding the Units will be disseminated through the facilities of the Consolidated Tape Association. The IIV will be widely disseminated on a per Unit basis every 15 seconds during the NYSE Arca Core Trading Session by one or more major market data vendors. In addition, the IIV will be available through on-line information services. The Exchange represents that the Exchange may halt trading during the day in which an interruption to the dissemination of the IIV occurs. If the interruption to the dissemination of the IIV persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption. In addition, if the Exchange becomes aware that the NAV with respect to the Units is not disseminated to all market participants at the same time, it will halt trading in the Units until such time as the NAV is available to all market participants. The NAV per Unit will be calculated daily and made available to all market participants. The Exchange represents that the NAV per Unit will be calculated daily and made available to all market participants.

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 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 Units and may obtain information via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a CSSA. In addition, as noted above, investors will have ready access to information regarding gold and silver pricing and gold and silver futures information.

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 purposes of the Exchange Act. The Exchange believes the proposed rule change will enhance competition by accommodating Exchange trading of an additional exchange-traded product relating to physical gold and silver.

G. Self-Regulatory Organization’s Statement on Comments 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–2017–131 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–2017–131. 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 the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–NYSEArca–2017–131 and should be submitted on or before December 15, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.37

Eduardo A. Aleman,
Assistant Secretary.

[FR Doc. 2017–25347 Filed 11–22–17; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; LCH SA; Order Approving Proposed Rule Changes To Add Rules Related to the Clearing of Options on Index Credit Default Swaps

November 17, 2017.

I. Introduction
