

issues that have not already been considered by the Commission in connection with existing anti-internalization functionality offered by IEX and other national securities exchanges. Accordingly, the Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act<sup>28</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>29</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)<sup>30</sup> of the Act to determine whether the proposed rule change should be approved or disapproved.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the 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](mailto:rule-comments@sec.gov). Please include File Number SR-IEX-2019-14 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-IEX-2019-14. 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 website (<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 website 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-IEX-2019-14 and should be submitted on or before January 16, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>31</sup>

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

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#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-87791; File No. SR-NYSEArca-2019-77]

#### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change To List and Trade Shares of the AdvisorShares Pure US Cannabis ETF Under NYSE Arca Rule 8.600-E

December 18, 2019.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 ("Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on December 13, 2019, NYSE Arca, Inc. ("NYSE Arca" or "Exchange") filed with the Securities and Exchange Commission ("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 AdvisorShares Pure US Cannabis ETF under NYSE Arca Rule 8.600-E. The proposed change is available on the Exchange's website at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

###### 1. Purpose

The Exchange proposes to list and trade shares ("Shares") of the AdvisorShares Pure US Cannabis ETF (the "Fund") under NYSE Arca Rule 8.600-E, which provides generic criteria applicable to the listing and trading of Managed Fund Shares on the Exchange.<sup>4</sup>

AdvisorShares Investments, LLC (the "Adviser") is the investment adviser for the Fund. AdvisorShares Trust (the "Trust") and the Adviser manage the Fund's investments, subject to the oversight and supervision by the Board of Trustees (the "Board") of the Trust.<sup>5</sup>

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

<sup>5</sup> The Trust is registered under the 1940 Act. On August 19, 2019, the Trust filed with the Commission Post-Effective Amendment No. 145 to the Trust's registration statement on Form N-1A under the Securities Act of 1933 (15 U.S.C. 77a) ("Securities Act"), and under the 1940 Act relating

Continued

<sup>28</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>29</sup> 17 CFR 240.19b-4.

<sup>30</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>31</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.

Foreside Fund Services, LLC (“Distributor”), a registered broker-dealer, will act as the distributor for the Fund’s Shares. The Bank of New York Mellon (“BNY Mellon”) will serve as the administrator, custodian, and transfer agent (“Transfer Agent”) for the Fund.

Commentary .06 to Rule 8.600–E provides that, if the investment adviser to the investment company issuing Managed Fund Shares is affiliated with a broker-dealer, such investment adviser shall erect and maintain a “fire wall” between the investment adviser and the broker-dealer with respect to access to information concerning the composition and/or changes to such investment company portfolio. In addition, Commentary .06 further requires that personnel who make decisions on the open-end fund’s portfolio composition must be subject to procedures designed to prevent the use and dissemination of material non-public information regarding the open-end fund’s portfolio. Commentary .06 to Rule 8.600–E is similar to Commentary .03(a)(i) and (iii) to NYSE Arca Rule 5.2–E(j)(3); however, Commentary .06 in connection with the establishment and maintenance of a “fire wall” between the investment adviser and the broker-dealer reflects the applicable open-end fund’s portfolio, not an underlying benchmark index, as is the case with index-based funds.

The Adviser is not registered as a broker-dealer. The Adviser is not affiliated with any broker-dealers. In the event (a) the Adviser becomes registered as a broker-dealer or newly affiliated with a broker-dealer, or (b) any new adviser is a registered broker-dealer or becomes affiliated with a broker-dealer, it will implement and maintain a “fire wall” with respect to its relevant personnel or broker-dealer affiliate regarding access to information concerning the composition and/or changes to the portfolio, and will be subject to procedures, each designed to prevent the use and dissemination of material non-public information regarding such portfolio.

#### AdvisorShares Pure US Cannabis ETF Principal Investments

According to the Registration Statement, the investment objective of the Fund is to seek long-term capital

appreciation. The Fund will seek to achieve its investment objective by investing, under normal market conditions,<sup>6</sup> at least 80% of its net assets in securities of companies that derive at least 50% of their net revenue from the marijuana and hemp business in the United States and in derivatives that have economic characteristics similar to such securities.<sup>7</sup>

In addition to its investment in securities of companies that derive a significant portion of their revenue from the marijuana and hemp business, and in derivatives providing exposure to such securities, the Fund may invest in securities of companies that, in the opinion of the Advisor, may have current or future revenues from cannabis-related business or that are registered with the United States Drug Enforcement Agency (DEA) specifically for the purpose of handling marijuana for lawful research and development of cannabis or cannabinoid-related products.

According to the Registration Statement, the Fund will not invest directly in or hold ownership in any companies that engage in cannabis-related business unless permitted by national and local laws of the relevant jurisdiction, including U.S. federal and state laws. The Fund has represented that this restriction does not apply to the Fund’s investment in derivatives instruments. All of the Fund’s investments, including derivatives instruments, would be made in accordance with all applicable laws, including U.S. federal and state laws. The Fund will concentrate at least 25% of its investments in the pharmaceuticals, biotechnology and life sciences industry group within the health care sector.

The Fund primarily may invest in U.S. and foreign exchange-listed equity securities (described below), and in derivative instruments (described below) intended to provide exposure to such securities.

The Fund may invest in the following types of U.S. and foreign exchange-listed equity securities: Common stock; preferred stock; warrants; Real Estate Investment Trusts (REITs); and rights.

The Fund may invest in U.S. exchange-listed exchange-traded funds

(“ETFs”)<sup>8</sup> and in U.S. exchange-listed closed-end funds.

The Fund may hold cash and cash equivalents.<sup>9</sup>

The Fund may hold over-the-counter (“OTC”) total return swaps on U.S. and foreign exchange-listed equity securities.

#### Non-Principal Investments

The Fund may invest in U.S. exchange-listed equity options and equity index options.

The Fund may invest in Rule 144A securities.

The Fund will not invest in securities or other financial instruments that have not been described in this proposed rule change.

#### Use of Derivatives by the Fund

Investments in derivative instruments will be made in accordance with the 1940 Act and consistent with the Fund’s investment objective and policies.

To limit the potential risk associated with such transactions, the Fund will enter into offsetting transactions or segregate or “earmark” assets determined to be liquid by the Adviser in accordance with procedures established by the Trust’s Board and in accordance with the 1940 Act or as permitted by applicable Commission guidance. These procedures have been adopted consistent with Section 18 of the 1940 Act and related Commission guidance. In addition, the Fund has included appropriate risk disclosure in its offering documents, including leveraging risk. Leveraging risk is the risk that certain transactions of the Fund, including the Fund’s use of derivatives, may give rise to leverage, causing the Fund to be more volatile than if it had not been leveraged.

#### Other Restrictions

The Fund’s investments, including derivatives, will be consistent with the Fund’s investment objective and will not be used to enhance leverage (although certain derivatives and other investments may result in leverage). That is, the Fund’s investments will not be used to seek performance that is the multiple or inverse multiple (e.g., 2X or

to the Fund (File Nos. 333–157876 and 811–22110) (“Registration Statement”). The description of the operation of the Trust and the Fund herein is based, in part, on the Registration Statement. In addition, the Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act. See Investment Company Act Release No. 29291 (May 28, 2010) (File No. 812–13677).

<sup>6</sup> The term “normal market conditions” is defined in NYSE Arca Rule 8.600–E(c)(5).

<sup>7</sup> The Fund’s investments in derivatives will include investments in both listed derivatives and over-the-counter (“OTC”) derivatives, as those terms are defined in Commentary .01(d) and (e) to NYSE Arca Rule 8.600–E.

<sup>8</sup> For purposes of this filing, the term “ETFs” includes Investment Company Units (as described in NYSE Arca Rule 5.2–E(j)(3)); Portfolio Depositary Receipts (as described in NYSE Arca Rule 8.100–E); and Managed Fund Shares (as described in NYSE Arca Rule 8.600–E). All ETFs will be listed and traded in the U.S. on a national securities exchange. While the Fund may invest in inverse ETFs, the Fund will not invest in leveraged (e.g., 2X, –2X, 3X or –3X) ETFs.

<sup>9</sup> For purposes of this filing, “cash equivalents” are the short-term instruments enumerated in Commentary .01(c) to NYSE Arca Rule 8.600–E.

– 3X) of the Fund's primary broad-based securities benchmark index (as defined in Form N-1A).<sup>10</sup>

#### Impact on Arbitrage Mechanism

The Adviser believes there will be minimal, if any, impact to the arbitrage mechanism as a result of the Fund's use of derivatives. The Adviser understands that market makers and participants should be able to value derivatives as long as the positions are disclosed with relevant information. The Adviser believes that the price at which Shares of the Fund trade will continue to be disciplined by arbitrage opportunities created by the ability to purchase or redeem Shares of the Fund at their net asset value ("NAV"), which should ensure that Shares of the Fund will not trade at a material discount or premium in relation to their NAV.

#### Creation of Creation Units

The Trust issues and sells Shares of the Fund only in aggregations of 25,000 Shares (each aggregation is called a "Creation Unit") on a continuous basis through the Distributor at the NAV next determined after receipt of an order in proper form on any Business Day.<sup>11</sup> The size of a Creation Unit is subject to change.

The consideration for a purchase of Creation Units generally will consist of an in-kind deposit of a portfolio of securities and other investments (the "Deposit Securities") for each Creation Unit constituting a substantial replication, or a representation, of the securities included in the Fund's portfolio and an amount of cash computed as described below (the "Cash Component"). The Cash Component together with the Deposit Securities, as applicable, are referred to as the "Fund Deposit," which represents the minimum initial and subsequent investment amount for a Creation Unit of the Fund.

The Cash Component would be an amount equal to the difference between the NAV of the Shares (per Creation Unit) and the "Deposit Amount," which is an amount equal to the aggregate market value of the Deposit Securities, and serves to compensate for any differences between the NAV per Creation Unit and the Deposit Amount.

The Administrator, through the National Securities Clearing Corporation ("NSCC"), makes available on each

Business Day, immediately prior to the opening of business on the Exchange (currently 9:30 a.m. E.T.), the list of the names and the required number of shares of each Deposit Security to be included in the current Fund Deposit (based on information at the end of the previous Business Day) for the Fund. Such Fund Deposit is applicable, subject to any adjustments as described below, in order to effect creations of Creation Units of the Fund until such time as the next-announced composition of the Deposit Securities is made available.

All orders to create Creation Units generally must be received by the Distributor no later than 3:00 p.m. E.T. on the date such order is placed in order for creation of Creation Units to be effected based on the NAV of the Fund as determined on such date.

In addition, the Trust reserves the right to permit or require the substitution of an amount of cash (*i.e.*, a "cash in lieu" amount) to be added to the Cash Component to replace any Deposit Security which may, among other reasons, not be available in sufficient quantity for delivery, or which may not be eligible for transfer through the Clearing Process (defined below), or which may not be eligible for trading by a Participating Party (defined below).

To be eligible to place orders with the Distributor to create Creation Units of the Fund, an entity must be (1) a "Participating Party," *i.e.*, a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of the NSCC (the "Clearing Process"); or (2) a Depository Trust Company ("DTC") Participant; which, in either case, must have executed an agreement with the Trust, the Distributor and the Transfer Agent ("Participant Agreement"). A Participating Party and DTC Participant are collectively referred to as an "Authorized Participant."

#### Redemption of Creation Units

Shares may be redeemed only in Creation Units at their NAV next determined after receipt of a redemption request in proper form by the Distributor and only on a Business Day.

The Administrator, through NSCC, will make available immediately prior to the opening of business on the Exchange (9:30 a.m. E.T.) on each Business Day, the securities ("Fund Securities") that will be applicable (subject to possible amendment or correction) to redemption requests received in proper form on that day. The Fund Securities received on redemption may not be identical to Deposit

Securities that are applicable to creations of Creation Units. Unless cash redemptions are available or specified for the Fund, the redemption proceeds for a Creation Unit generally consist of Fund Securities as announced by the Administrator on the Business Day of the request for redemption, plus cash in an amount equal to the difference between the NAV of the Shares being redeemed, as next determined after a receipt of a request in proper form, and the value of the Fund Securities, less the redemption transaction fee. In the event that the Fund Securities have a value greater than the NAV of the Shares, a compensating cash payment equal to the differential is required to be made by or through an Authorized Participant by the redeeming shareholder.

In order to redeem Creation Units of the Fund, an Authorized Participant must submit an order to redeem for one or more Creation Units. An order to redeem Creation Units of a Fund using the Clearing Process generally must be received by the Administrator not later than 3:00 p.m. E.T. on the Business Day of the request for redemption in order for such order to be effected based on the NAV of the Fund as next determined. An order to redeem Creation Units of the Fund using the NSCC Clearing Process made in proper form but received by the Fund after 3:00 p.m. E.T. will be deemed received on the next Business Day immediately following the day on which such order request is transmitted.

#### Application of Generic Listing Requirements

The Exchange is submitting this proposed rule change because the portfolio for the Fund will not meet all of the "generic" listing requirements of Commentary .01 to NYSE Arca Rule 8.600-E applicable to the listing of Managed Fund Shares. The Fund's portfolio will meet all such requirements except for those set forth in Commentary .01(e), as described below.

The Fund will not comply with the requirements set forth in Commentary .01(e) to NYSE Arca Rule 8.600-E with respect to the Fund's investments in OTC total return swaps on U.S. and foreign exchange-listed equity securities.<sup>12</sup> Specifically, the aggregate

<sup>10</sup> The Fund's broad-based securities benchmark index will be identified in a future amendment to the Registration Statement following the Fund's first full calendar year of performance.

<sup>11</sup> A "Business Day" with respect to the Fund is any day on which the Exchange is open for business.

<sup>12</sup> Commentary .01(e) to NYSE Arca Rule 8.600-E provides that a portfolio may hold OTC derivatives, including forwards, options and swaps on commodities, currencies and financial instruments (*e.g.*, stocks, fixed income, interest rates, and volatility) or a basket or index of any of the foregoing; however, on both an initial and continuing basis, no more than 20% of the assets

gross notional value of the Fund's investments in such OTC derivatives may exceed 20% of Fund assets, calculated as the aggregate gross notional value of such OTC derivatives.<sup>13</sup> The Exchange proposes that up to 60% of the Fund's assets (calculated as the aggregate gross notional value) may be invested in such OTC derivatives. The proposed exception would allow the Fund to gain increased exposure to certain equity securities that have economic characteristics similar to securities listed in the principal strategies, and allow the Fund to obtain exposure, through the use of total return swaps, to certain equity securities that the Fund may not be able to invest in or choose not to invest in directly, in furtherance of the Fund's investment objective. As stated above, the only OTC derivatives that the Fund may invest in are OTC total return swaps on U.S. and foreign exchange-listed equity securities.

The Adviser believes that it is important to provide the Fund with additional flexibility to manage its investments. OTC derivatives provide the Fund with flexibility as well as a precise means to effectively gain exposure to U.S. and foreign exchange-listed equities that the Fund otherwise would not be able to invest in or choose not to invest in directly. Generally, OTC derivatives can be customized to a greater degree and can provide equity exposure with Fund assets, as well as allow for control over the duration of the exposure which can also mitigate trading costs. Therefore, while the Fund is able to invest 20% of the assets in the Fund's portfolio in OTC derivatives pursuant to NYSE Arca Rule 8.600-E, Commentary .01(e), the Exchange believes it is appropriate to apply a limit of up to 60% of the Fund's assets to the Fund's investments in OTC total return swaps on U.S. and foreign exchange-listed equity securities (calculated as the aggregate gross notional value of such OTC derivatives), that are used for equity investment exposure purposes, as described above.<sup>14</sup>

in the portfolio may be invested in OTC derivatives. For purposes of calculating this limitation, a portfolio's investment in OTC derivatives will be calculated as the aggregate gross notional value of the OTC derivatives.

<sup>13</sup> The Adviser monitors counterparty credit risk exposure (including for OTC derivatives) and evaluates counterparty credit quality on a continuous basis.

<sup>14</sup> The Commission has previously approved an exception from requirements set forth in Commentary .01(e) relating to investments in OTC derivatives. See e.g., Securities Exchange Act Release Nos. 86636 (August 12, 2019), 84 FR 42030 (August 16, 2019) (SR-NYSEArca-2018-98) (Notice of Filing of Amendment No. 4 and Order Granting Accelerated Approval of a Proposed Rule Change,

The Adviser represents that deviations from the generic requirements are necessary for the Fund to achieve its investment objective in a manner that is cost-effective and that maximizes investors' returns because OTC derivatives generally provide the Fund with more flexibility to negotiate the exact exposure that the Fund requires, and minimize trading costs because OTC derivatives are not subject to costs of rolling that are associated with listed derivatives.

The Adviser represents that it intends to engage in strategies that utilize total return swaps (which are traded OTC), as described above, based on its investment strategies. Depending on market conditions, the exposure due to these strategies may exceed 20% of the Fund's assets. The Adviser represents further that the swaps market is OTC, and, as such, it is not possible to implement these strategies efficiently using listed derivatives. In addition, use of OTC swaps may be an important means to reduce risk in the Fund's equity investments, or, depending on market conditions, to enhance returns of such investments. If the Fund were limited to investing up to 20% of assets in OTC derivatives, the Fund would have to exclude or underweight these strategies and would be less diversified, concentrating risk in the other strategies it will utilize.

The Exchange notes that, other than Commentary .01(e), the Shares of the Fund will conform to the initial and continued listing criteria under NYSE Arca Rule 8.600-E and will meet all other requirements of NYSE Arca Rule 8.600-E and Commentary .01 thereto.

The Adviser represents that the proposed exception described above is consistent with the Fund's investment objective, and will further assist the Adviser to achieve such investment objective.

#### Availability of Information

The Fund's website ([www.advisorshares.com](http://www.advisorshares.com)) will include the prospectus for the Fund that may be downloaded. The Fund's website will include additional quantitative information updated on a daily basis including, for the Fund, (1) daily trading volume, closing price and closing NAV for the Fund; (ii) the reported midpoint

as Modified by Amendment No. 4, To List and Trade Shares of the iShares Commodity Multi-Strategy ETF Under NYSE Arca Rule 8.600-E; and 87190 (October 1, 2019), 84 FR 53522 (October 7, 2019) (SR-NYSEArca-2019-57) (Order Granting Approval of Proposed Rule Change To List and Trade Shares of the Franklin Liberty Systematic Style Premia ETF, a Series of the Franklin Templeton ETF Trust Under NYSE Arca Rule 8.600-E).

of the bid-ask spread at the time of NAV calculation (the "Bid-Ask Price");<sup>15</sup> (iii) a calculation of the premium or discount of the Bid-Ask Price against such NAV; and (iv) 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. On each Business Day, before commencement of trading in Shares in the Core Trading Session on the Exchange, the Fund will disclose on its website the Disclosed Portfolio as defined in NYSE Arca Rule 8.600-E(c)(2) that forms the basis for the Fund's calculation of NAV at the end of the Business Day.<sup>16</sup>

On a daily basis, the Fund will disclose the information required under NYSE Arca Rule 8.600-E(c)(2) to the extent applicable. The website information will be publicly available at no charge.

In addition, a basket composition file, which includes the security names and share quantities, if applicable, required to be delivered in exchange for the Fund's Shares, together with estimates and actual cash components, will be publicly disseminated daily prior to the opening of the Exchange via the NSCC. The basket represents one Creation Unit of the Fund. Authorized Participants may refer to the basket composition file for information regarding any security, and any other instrument that may comprise the Fund's basket on a given day.

Investors can also obtain the Trust's Statement of Additional Information ("SAI"), the Fund's Shareholder Reports, and the Fund's Forms N-CSR and Forms N-SAR, filed twice a year. The Fund's SAI and Shareholder Reports will be available free upon request from the Trust, and those documents and the Form N-CSR, Form N-PX and Form N-SAR may be viewed on-screen or downloaded from the Commission's website at [www.sec.gov](http://www.sec.gov).

Intra-day and closing price information regarding U.S. exchange-listed equity options and equity index options will be available from the exchange on which such instruments are traded. Price information relating to

<sup>15</sup> The Bid-Ask Price of the Fund's Shares will be determined using the mid-point of the highest bid and the lowest offer on the Exchange as of the time of calculation of the Fund's NAV. The records relating to Bid-Ask Prices will be retained by the Fund and its service providers.

<sup>16</sup> Under accounting procedures followed by the Fund, trades made on the prior Business Day ("T") will be booked and reflected in NAV on the current Business Day ("T+1"). Accordingly, the Fund will be able to disclose at the beginning of the Business Day the portfolio that will form the basis for the NAV calculation at the end of the Business Day.

OTC swaps will be available from major market data vendors. For U.S. and foreign exchange-listed equity securities, intraday price quotations will generally be available from broker-dealers and trading platforms (as applicable). Price information for 144A securities will be available from major market data vendors. Price information for cash equivalents will be available from major market data vendors. Price information regarding U.S. government securities generally may be obtained from brokers and dealers who make markets in such securities or through nationally recognized pricing services through subscription agreements. Additionally, the Trade Reporting and Compliance Engine ("TRACE") of the Financial Industry Regulatory Authority ("FINRA") will be a source of price information for certain cash equivalents to the extent transactions in such securities are reported to TRACE.<sup>17</sup>

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.

Quotation and last sale information for the Shares, ETFs, closed-end funds and other U.S. exchange-traded equity securities will be available via the Consolidated Tape Association ("CTA") high-speed line. Exchange-traded options quotation and last sale information for options cleared via the Options Clearing Corporation ("OCC") are available via the Options Price Reporting Authority ("OPRA"). In addition, the Portfolio Indicative Value ("PIV"), as defined in NYSE Arca Rule 8.600-E(c)(3), will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Core Trading Session.

#### Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to

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

#### Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. Shares will trade on the NYSE Arca Marketplace from 4:00 a.m. to 8:00 p.m. E.T. in accordance with NYSE Arca Rule 7.34-E (Trading Sessions). The Exchange has appropriate rules to facilitate transactions in the Shares 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.

With the exception of the requirements of Commentary .01(e) as described above under "Application of Generic Listing Requirements," the Shares of the Fund will conform to the initial and continued listing criteria under NYSE Arca Rule 8.600-E. The Exchange represents that for initial and continued listing, the Fund will be in compliance with Rule 10A-3 under the Act, as provided by NYSE Arca Rule 5.3-E. A minimum of 100,000 Shares will be outstanding at the commencement of trading on the Exchange. The Exchange has obtained a representation from the issuer of the Shares that the NAV per Share will be calculated daily and that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time.

#### Surveillance

The Exchange represents that 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. The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange.

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

The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares, certain exchange-traded equity securities (including ETFs) and certain exchange-traded options with other markets and other entities that are members of the Intermarket Surveillance Group ("ISG"), and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in the Shares, certain exchange-traded equity securities (including ETFs) and certain exchange-traded options from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares, certain exchange-traded equity securities (including ETFs) and certain exchange-traded options from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement ("CSSA"). In addition, FINRA, on behalf of the Exchange, is able to access, as needed, trade information for certain cash equivalents held by the Fund reported to FINRA's TRACE.

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

All statements and representations made in this filing regarding (a) the description of the portfolio or reference asset, (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 on the Exchange.

The issuer has represented to the Exchange that it will advise the

<sup>17</sup> Broker-dealers that are FINRA member firms have an obligation to report transactions in specified debt securities to TRACE to the extent required under applicable FINRA rules. Generally, such debt securities will have at issuance a maturity that exceeds one calendar year. For fixed income securities that are not reported to TRACE, (i) intraday price quotations will generally be available from broker-dealers and trading platforms (as applicable) and (ii) price information will be available from feeds from market data vendors, published or other public sources, or online information services, as described above.

Exchange of any failure by the Fund 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 Fund 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 Equity Trading Permit (“ETP”) Holders in an Information Bulletin (“Bulletin”) of the special characteristics and risks associated with trading the Shares of the Fund. Specifically, the Bulletin will discuss the following: (1) The procedures for purchases and redemptions of Shares in Creation Units (and that Shares are not individually redeemable); (2) NYSE Arca 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 Shares; (3) the risks involved in trading the Shares during the Early and Late Trading Sessions when an updated PIV will not be calculated or publicly disseminated; (4) how information regarding the PIV and the Disclosed Portfolio is disseminated; (5) the requirement that ETP Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (6) trading information.

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

#### 2. Statutory Basis

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

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will

be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Rule 8.600–E. The Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Shares in all trading sessions and to deter and detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange. The Adviser is not registered as a broker-dealer nor is the Adviser affiliated with a broker-dealer. The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares, certain exchange-traded equity securities (including ETFs) and certain exchange-traded options 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, certain exchange-traded equity securities (including ETFs) and certain exchange-traded options from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares, certain exchange-traded equity securities (including ETFs) and certain exchange-traded options from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. In addition, FINRA, on behalf of the Exchange, is able to access, as needed, trade information for certain cash equivalents held by the Fund reported to FINRA’s TRACE.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that the Exchange will obtain a representation from the issuer of the Shares that the NAV per Share will be calculated daily and that the NAV and the Disclosed Portfolio will be made available to all market participants at the same time. In addition, a large amount of information is publicly available regarding the Fund and the Shares, thereby promoting market transparency. The website for the Fund includes a form of the prospectus for the Fund and additional data relating to NAV and other applicable quantitative information. Trading in Shares of the Fund will be halted if the circuit breaker parameters in NYSE Arca Rule 7.12–E have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable, and trading in the Shares will be subject to NYSE Arca Rule 8.600–E(d)(2)(D), which sets forth

circumstances under which trading in the Shares of the Fund may be halted. In addition, as noted above, investors have ready access to information regarding the Fund’s holdings, the PIV, the Disclosed Portfolio, and quotation and last sale information for the Shares.

The Exchange believes that while the Fund is able to invest 20% of the assets in the Fund’s portfolio in OTC derivatives pursuant to Commentary .01(e) to NYSE Arca Rule 8.600–E, it is appropriate to apply a limit of up to 60% of the Fund’s assets to the Fund’s investments in OTC total return swaps on U.S. and foreign exchange-listed equity securities (calculated as the aggregate gross notional value of such OTC derivatives) that are used for equity investment exposure purposes, as described above. While the Fund will not invest directly in or hold ownership in any companies that engage in cannabis-related business unless permitted by national and local laws of the relevant jurisdiction, including U.S. federal and state laws, the Adviser believes that it is in the best interests of the Fund’s shareholders for the Fund to gain increased exposure to certain equity securities that have economic characteristics similar to securities listed in the principal strategies. The proposed exception would allow the Fund to gain increased exposure, through the use of total return swaps, to certain equity securities that the Fund may not be able to invest in or choose not to invest in directly, in furtherance of the Fund’s investment objective. All Fund investments, including derivative instruments (*i.e.*, OTC total return swaps on U.S. and foreign exchange-listed equity securities), would be made in accordance with all applicable laws, including U.S. federal and state laws.

In addition, the Fund’s investments in OTC derivatives used to gain increased exposure in furtherance of the Fund’s investment objective, will be limited to 60% of the assets in the Fund’s portfolio, calculated as the aggregate gross notional value of such OTC derivatives. While certain derivatives can be traded on exchanges, total return swaps (which can be customized) are only available for trading on the OTC market. Accordingly, the Adviser believes that OTC derivatives may frequently be a more efficient investment vehicle than listed derivatives. Therefore, the Exchange believes that increasing the percentage limit in Commentary .01(e), as described above, applicable to the Fund’s investments in OTC total return swaps on U.S. and foreign exchange-listed equity securities would permit the Fund to satisfy its investment objective and

reduce investment risks in a more cost-effective manner and, therefore, would help protect investors and the public interest.

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 permit the listing and trading of an actively-managed exchange-traded product that, through permitted use of an increased level of OTC derivatives above that currently permitted by the generic listing requirements of Commentary .01 to NYSE Arca Rule 8.600–E, will enhance competition among market participants, to the benefit of investors and the marketplace.

The Exchange believes that it is appropriate and in the public interest to allow the Fund to exceed the 20% limit in Commentary .01(e) to Rule 8.600–E of portfolio assets that may be invested in OTC derivatives. Under Commentary .01(e), a series of Managed Fund Shares listed under the “generic” standards may invest up to 20% of its assets (calculated as the aggregate gross notional value) in OTC derivatives. Because the Fund, in furtherance of its investment objective, may invest a substantial percentage of its investments in OTC total return swaps on U.S. and foreign exchange-listed equity securities, the 20% limit in Commentary .01(e) to Rule 8.600–E could result in the Fund being unable to fully pursue its investment objective while attempting to sufficiently mitigate investment risks. The inability of the Fund to adequately increase its exposure would effectively limit the Fund’s ability to invest in certain instruments, or could expose the Fund to additional investment risk.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Act. The Exchange notes that the proposed rule change will permit the listing and trading of an issue of Managed Fund Shares that, through permitted use of an increased level of OTC derivatives above that currently permitted by the generic listing requirements of Commentary .01 to NYSE Arca Rule 8.600–E will enhance competition among market participants, to the benefit of investors and the marketplace.

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

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

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

Within 45 days of the date of publication of this notice in the **Federal Register** or 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](mailto:rule-comments@sec.gov). Please include File Number SR–NYSEArca–2019–77 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–2019–77. 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 website (<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 website 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–2019–77 and should be submitted on or before January 16, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>18</sup>

**J. Matthew DeLesDernier,**  
*Assistant Secretary.*

[FR Doc. 2019–27732 Filed 12–23–19; 8:45 am]

**BILLING CODE 8011–01–P**

#### **SMALL BUSINESS ADMINISTRATION**

**[Disaster Declaration #16222 and #16223; TENNESSEE Disaster Number TN–00116]**

#### **Administrative Declaration of a Disaster for the State of Tennessee**

**AGENCY:** U.S. Small Business Administration.

**ACTION:** Notice.

**SUMMARY:** This is a notice of an Administrative declaration of a disaster for the State of Tennessee Dated 12/17/2019.

*Incident:* Severe Storms associated with the remnants of Tropical Storm Olga.

*Incident Period:* 10/26/2019.

**DATES:** Issued on 12/17/2019.

*Physical Loan Application Deadline Date:* 02/18/2020.

*Economic Injury (EIDL) Loan Application Deadline Date:* 09/17/2020.

**ADDRESSES:** Submit completed loan applications to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

**FOR FURTHER INFORMATION CONTACT:** A. Escobar, Office of Disaster Assistance, U.S. Small Business Administration, 409 3rd Street SW, Suite 6050, Washington, DC 20416, (202) 205–6734.

**SUPPLEMENTARY INFORMATION:** Notice is hereby given that as a result of the

<sup>18</sup> 17 CFR 200.30–3(a)(12).