

Required fields are shown with yellow backgrounds and asterisks.

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| Page 1 of * 46 | SECURITIES AND EXCHANGE COMMISSION<br>WASHINGTON, D.C. 20549<br>Form 19b-4 | File No.* SR - 2018 - * 019<br>Amendment No. (req. for Amendments *) 1 |
|----------------|--|--|

Filing by Cboe BZX Exchange, Inc.  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

|                          |  |                          |                                      |                                      |                          |
|--------------------------|--|--------------------------|--------------------------------------|--------------------------------------|--------------------------|
| Initial *                | Amendment *                                      | Withdrawal               | Section 19(b)(2) *                   | Section 19(b)(3)(A) *                | Section 19(b)(3)(B) *    |
| <input type="checkbox"/> | <input checked="" type="checkbox"/>              | <input type="checkbox"/> | <input checked="" type="checkbox"/>  | <input type="checkbox"/>             | <input type="checkbox"/> |
|                          |  |                          | Rule                                 |                                      |                          |
| Pilot                    | Extension of Time Period for Commission Action * | Date Expires *           | <input type="checkbox"/> 19b-4(f)(1) | <input type="checkbox"/> 19b-4(f)(4) |                          |
| <input type="checkbox"/> | <input type="checkbox"/>                         | <input type="text"/>     | <input type="checkbox"/> 19b-4(f)(2) | <input type="checkbox"/> 19b-4(f)(5) |                          |
|                          |  |                          | <input type="checkbox"/> 19b-4(f)(3) | <input type="checkbox"/> 19b-4(f)(6) |                          |

|   |  |
|---|--|
| Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 | Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 |
| Section 806(e)(1) *   | Section 806(e)(2) *  |
| <input type="checkbox"/>  | <input type="checkbox"/>   |
|   | Section 3C(b)(2) *   |
|   | <input type="checkbox"/>   |

|                                  |                                  |
|----------------------------------|----------------------------------|
| Exhibit 2 Sent As Paper Document | Exhibit 3 Sent As Paper Document |
| <input type="checkbox"/>         | <input type="checkbox"/>         |

**Description**

Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

**Contact Information**

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name \* Kyle      Last Name \* Murray

Title \* Assistant General Counsel

E-mail \* kmurray@cboe.com

Telephone \* (913) 815-7121      Fax

**Signature**

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title \*)

Date 04/25/2018      Assistant General Counsel

By Kyle Murray     

(Name \*)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

**Form 19b-4 Information \***

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to list on the Exchange eighteen ADRPLUS Funds of the Precidian ETFs Trust (the “Trust”), under Rule 14.11(i) (“Managed Fund Shares”).

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

(a) The Exchange’s President (or designee) pursuant to delegated authority approved the proposed rule change on March 2, 2018.

(b) Please refer questions and comments on the proposed rule change to Patrick Sexton, Executive Vice President, General Counsel and Corporate Secretary, (312) 786-7462, or Kyle Murray, (913) 815-7121, Assistant General Counsel.

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

(a) Purpose

This Amendment No. 1 to SR-CboeBZX-2018-019 amends and replaces in its entirety the proposal as originally submitted on March 2, 2018. The Exchange submits this Amendment No. 1 in order to clarify certain points and add additional details about the Funds.

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

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

The Exchange proposes to list and trade shares (“Shares”) of eighteen different series of the Trust under Rule 14.11(i), which governs the listing and trading of Managed Fund Shares.<sup>3</sup> Specifically, the Exchange is proposing to list shares of Anheuser-Busch InBev SA/NV ADRPLUS Fund, AstraZeneca PLC ADRPLUS Fund, Banco Santander, S.A. ADRPLUS Fund, BP P.L.C. ADRPLUS Fund, British American Tobacco p.l.c. ADRPLUS Fund, Diageo plc ADRPLUS Fund, GlaxoSmithKline plc ADRPLUS Fund, HSBC Holdings Plc ADRPLUS Fund, Mitsubishi UFJ Financial Group, Inc. ADRPLUS Fund, Novartis AG ADRPLUS Fund, Novo Nordisk A/S (B Shares) ADRPLUS Fund, Royal Dutch Shell plc (Class A) ADRPLUS Fund, Royal Dutch Shell plc (Class B) ADRPLUS Fund, Sanofi ADRPLUS Fund, SAP AG ADRPLUS Fund, Total S.A. ADRPLUS Fund, Toyota Motor Corporation ADRPLUS Fund, and Vodafone Group Plc ADRPLUS Fund. The Funds are a series of, and the Shares will be offered by, the Trust, which was organized as a Delaware statutory trust on August 27, 2010. Precidian Funds LLC (the “Advisor”) will serve as the investment adviser to the Funds. The Trust is registered with the Commission as an open-end management investment company and has filed a registration statement on behalf of the Funds on Form N-1A (“Registration Statement”) with the Commission.<sup>4</sup>

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<sup>3</sup> The Commission originally approved Exchange Rule 14.11(i) in Securities Exchange Act Release No. 65225 (August 30, 2011), 76 FR 55148 (September 6, 2011) (SR-BATS-2011-018) and subsequently approved generic listing standards for Managed Fund Shares under Exchange Rule 14.11(i)(4)(C) in Securities Exchange Act Release No. 78396 (July 22, 2016), 81 FR 49698 (July 28, 2016) (SR-BATS-2015-100) (“Generic Listing Rules”).

<sup>4</sup> See Registration Statement on Form N-1A for the Trust, filed with the Commission on June 14, 2017 (File Nos. 333-171987 and 811-22524). The descriptions of the Funds and the Shares contained herein are based, in part, on information in the Registration Statement. The Commission has issued an order

Exchange Rule 14.11(i)(7) 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.<sup>5</sup> In addition, Exchange Rule 14.11(i)(7) further requires that personnel who make decisions on the investment company’s portfolio composition must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable investment company portfolio. Exchange Rule 14.11(i)(7) is similar to Exchange Rule 14.11(b)(5)(A)(i) (which applies to index-based funds); however, Exchange Rule 14.11(i)(7) in connection with the establishment of a “fire wall” between

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granting certain exemptive relief to the Adviser and open-end management companies advised by the Adviser under the Investment Company Act of 1940 (15 U.S.C. 80a-1). See Investment Company Act Release No. 32622 (May 2, 2017) (File No. 812-14584).

<sup>5</sup> An investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 (the “Advisers Act”). As a result, the Adviser and its related personnel are subject to the provisions of Rule 204A-1 under the Advisers Act relating to codes of ethics. This Rule requires investment advisers to adopt a code of ethics that reflects the fiduciary nature of the relationship to clients as well as compliance with other applicable securities laws. Accordingly, procedures designed to prevent the communication and misuse of non-public information by an investment adviser must be consistent with Rule 204A-1 under the Advisers Act. In addition, Rule 206(4)-7 under the Advisers Act makes it unlawful for an investment adviser to provide investment advice to clients unless such investment adviser has (i) adopted and implemented written policies and procedures reasonably designed to prevent violation, by the investment adviser and its supervised persons, of the Advisers Act and the Commission rules adopted thereunder; (ii) implemented, at a minimum, an annual review regarding the adequacy of the policies and procedures established pursuant to subparagraph (i) above and the effectiveness of their implementation; and (iii) designated an individual (who is a supervised person) responsible for administering the policies and procedures adopted under subparagraph (i) above.

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 a registered broker-dealer and is not affiliated with a broker-dealer. In addition, Adviser personnel who make decisions regarding a Fund's portfolio are subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the Fund's portfolio. In the event that (a) the Adviser becomes registered as a broker-dealer or newly affiliated with a broker-dealer, or (b) any new adviser or sub-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 such broker-dealer affiliate, as applicable, regarding access to information concerning the composition and/or changes to the portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio.

The Funds do not intend to qualify each year as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended, but rather as a grantor trust.

The Exchange submits this proposal in order to allow the Funds to hold U.S. Component Stocks<sup>6</sup> and OTC derivatives in a manner that does not comply with Exchange Rules 14.11(i)(4)(C)(i)(a)(3)-(4)<sup>7</sup> and 14.11(i)(4)(C)(v),<sup>8</sup> respectively.

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<sup>6</sup> As defined in Rule 14.11(c)(1)(D), the term "U.S. Component Stock" shall mean an equity security that is registered under Sections 12(b) or 12(g) of the Act, or an American Depositary Receipt, the underlying equity security of which is registered under Sections 12(b) or 12(g) of the Act.

<sup>7</sup> In particular, the Funds will not meet: (i) the requirement under Exchange Rule 14.11(i)(4)(C)(i)(3) that the most heavily weighted component stock shall not

Otherwise, the Funds will comply with all other listing requirements on an initial and continued listing basis under Exchange Rule 14.11(i) for Managed Fund Shares.

#### ADRPLUS Funds

Each Fund seeks to provide investment results that correspond generally, before fees and expenses, to the price and yield performance of a particular American Depositary Receipt, hedged against fluctuations in the exchange rate between the U.S. dollar and the local currency of the foreign security underlying the American Depositary Receipt (“Local Currency”). For example, the Anheuser-Busch InBev SA/NV ADRPLUS Fund seeks to provide investment results that correspond generally, before fees and expenses, to the price and yield performance of Anheuser-Busch InBev SA/NV (ADR), hedged against fluctuations in the exchange rate between the U.S. dollar and the euro. The following chart includes the underlying company and the Local Currency for each of the Funds.

| <b>Fund Name</b>                        | <b>Underlying Company</b>  | <b>Local Currency</b> |
|---|----------------------------|-----------------------|
| Anheuser-Busch InBev SA/NV ADRPLUS Fund | Anheuser-Busch InBev SA/NV | Euro                  |
| AstraZeneca PLC ADRPLUS Fund            | AstraZeneca PLC            | British pound         |
| Banco Santander, S.A. ADRPLUS Fund      | Banco Santander, S.A.      | Euro                  |
| BP P.L.C. ADRPLUS Fund                  | BP p.l.c.                  | British pound         |

exceed 30% of the equity weight of the portfolio; and (ii) the requirement under Exchange Rule 14.11(i)(4)(C)(i)(4) that the equity portion of the portfolio shall include a minimum of 13 component stocks.

<sup>8</sup> In particular, the Funds may not meet the requirement under Exchange Rule 14.11(i)(4)(C)(v) that the aggregate gross notional value of OTC derivatives shall not exceed 20% of the weight of the portfolio (including gross notional exposures).

| <b>Fund Name</b>                                  | <b>Underlying Company</b>            | <b>Local Currency</b> |
|---|--------------------------------------|-----------------------|
| British American Tobacco p.l.c. ADRPLUS Fund      | British American Tobacco p.l.c.      | British pound         |
| Diageo plc ADRPLUS Fund                           | Diageo plc                           | British pound         |
| GlaxoSmithKline plc ADRPLUS Fund                  | GlaxoSmithKline plc                  | British pound         |
| HSBC Holdings Plc ADRPLUS Fund                    | HSBC Holdings Plc                    | British pound         |
| Mitsubishi UFJ Financial Group, Inc. ADRPLUS Fund | Mitsubishi UFJ Financial Group, Inc. | Japanese yen          |
| Novartis AG ADRPLUS Fund                          | Novartis AG                          | Swiss franc           |
| Novo Nordisk A/S (B Shares) ADRPLUS Fund          | Novo Nordisk A/S (B Shares)          | Danish krone          |
| Royal Dutch Shell plc (Class A) ADRPLUS Fund      | Royal Dutch Shell plc (Class A)      | Euro                  |
| Royal Dutch Shell plc (Class B) ADRPLUS Fund      | Royal Dutch Shell plc (Class B)      | British pound         |
| Sanofi ADRPLUS Fund                               | Sanofi                               | Euro                  |
| SAP AG ADRPLUS Fund                               | SAP AG                               | Euro                  |
| Total S.A. ADRPLUS Fund                           | Total S.A.                           | Euro                  |
| Toyota Motor Corporation ADRPLUS Fund             | Toyota Motor Corporation             | Japanese yen          |
| Vodafone Group Plc ADRPLUS Fund                   | Vodafone Group Plc                   | British pound         |

Each of the Funds will hold only: (i) shares of an American Depositary Receipt (an “Unhedged ADR”) listed on a U.S. national securities exchange; (ii) OTC swaps that hedge against fluctuations in the exchange rate (the “Exchange Rate”) between the U.S. dollar and the Local Currency (the “Currency Hedge”); and (iii) cash and cash equivalents.<sup>9</sup>

<sup>9</sup> For purposes of this filing and consistent with Rule 14.11(i)(4)(C)(iii), cash equivalents are short-term instruments with maturities of less than three months, that include only the following: (i) U.S. Government securities, including bills, notes, and bonds differing as to maturity and rates of interest, which are either issued or guaranteed by the U.S. Treasury or by U.S. Government agencies or



The Funds will provide investors with the opportunity to easily eliminate currency exposure that they may not even realize exists with Unhedged ADRs without having to transact in the currency derivatives market. The Exchange believes that this confers a significant benefit to investors and the broader marketplace by adding transparency and simplifying the process of eliminating risk from an investor's portfolio. As further described below in the section entitled Policy Discussion, the Exchange believes that the policy concerns underlying the listing rules which the Funds would not meet, specifically Rules 14.11(i)(4)(C)(i)(3)-(4)<sup>10</sup> and 14.11(i)(4)(C)(v),<sup>11</sup> are mitigated by the structure, holdings, and purpose of the Funds and, as such, this proposal to list and trade the ADRPLUS Funds should be approved.

The Trust is required to comply with Rule 10A-3 under the Act<sup>12</sup> for the initial and continued listing of the Shares of each Fund. In addition, the Exchange represents that the Shares of each Fund will meet and be subject to all other requirements of the

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instrumentalities; (ii) certificates of deposit issued against funds deposited in a bank or savings and loan association; (iii) bankers acceptances, which are short-term credit instruments used to finance commercial transactions; (iv) repurchase agreements and reverse repurchase agreements; (v) bank time deposits, which are monies kept on deposit with banks or savings and loan associations for a stated period of time at a fixed rate of interest; (vi) commercial paper, which are short-term unsecured promissory notes; and (vii) money market funds.

<sup>10</sup> In particular, the Funds will not meet: (i) the requirement under Exchange Rule 14.11(i)(4)(C)(i)(3) that the most heavily weighted component stock shall not exceed 30% of the equity weight of the portfolio; and (ii) the requirement under Exchange Rule 14.11(i)(4)(C)(i)(4) that the equity portion of the portfolio shall include a minimum of 13 component stocks.

<sup>11</sup> In particular, the Funds may not meet the requirement under Exchange Rule 14.11(i)(4)(C)(v) that the aggregate gross notional value of OTC derivatives shall not exceed 20% of the weight of the portfolio (including gross notional exposures).

<sup>12</sup> 17 CFR 240.10A -3.

Generic Listing Rules, as defined below, and other applicable continued listing requirements for Managed Fund Shares under Exchange Rule 14.11(i), including those requirements regarding the Disclosed Portfolio (as defined in the Exchange rules) and the requirement that the Disclosed Portfolio and the net asset value (“NAV”) will be made available to all market participants at the same time,<sup>13</sup> intraday indicative value,<sup>14</sup> suspension of trading or removal,<sup>15</sup> trading halts,<sup>16</sup> disclosure,<sup>17</sup> firewalls,<sup>18</sup> and surveillance.<sup>19</sup> Further, at least 100,000 Shares of each Fund will be outstanding upon the commencement of trading.<sup>20</sup> All statements and representations made in this filing regarding the description of the portfolio or reference assets, limitations on portfolio holdings or reference assets, dissemination and availability of reference assets and intraday indicative values, and the applicability of Exchange listing rules specified in this filing shall constitute continued listing requirements for the Funds. The Trust, on behalf of the Funds, has represented to the Exchange that it will advise the Exchange of any failure by a Fund or the Shares to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will surveil for compliance with the continued listing requirements. If a Fund or the Shares are not in

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<sup>13</sup> See Exchange Rules 14.11(i)(4)(A)(ii) and 14.11(i)(4)(B)(ii).

<sup>14</sup> See Exchange Rule 14.11(i)(4)(B)(i).

<sup>15</sup> See Exchange Rule 14.11(i)(4)(B)(iii).

<sup>16</sup> See Exchange Rule 14.11(i)(4)(B)(iv). The Exchange will also halt trading in a Fund where there has been a regulatory trading halt declared in the associated Unhedged ADR until trading in the Unhedged ADR resumes.

<sup>17</sup> See Exchange Rule 14.11(i)(6).

<sup>18</sup> See Exchange Rule 14.11(i)(7).

<sup>19</sup> See Exchange Rules 14.11(i)(2)(C).

<sup>20</sup> See Exchange Rule 14.11(i)(4)(A)(i).

compliance with the applicable listing requirements, the Exchange will commence delisting procedures under Exchange Rule 14.12.

#### Policy Discussion

The generic listing standards for listing Managed Fund Shares pursuant to Rule 19b-4(e) (the “Generic Listing Standards”), as approved by the Commission,<sup>21</sup> are designed to ensure that the holdings of the portfolio of a series of Managed Fund Shares listed pursuant to 19b-4(e) are sufficiently liquid, diverse, and non-concentrated as to mitigate the policy concerns regarding the manipulability and liquidity for the creation and redemption mechanism associated with that series of Managed Fund Shares. As described above, the Funds do not meet the Generic Listing Standards.

The Exchange believes that, while the Funds would not meet the Generic Listing Standards, in particular Rules 14.11(i)(4)(C)(i)(a)(3) and (4) and 14.11(i)(4)(C)(v), the policy issues that those rules are intended to address are otherwise mitigated by the structure, holdings, and purpose of the Funds.<sup>22</sup> Rule 14.11(i)(4)(C)(i)(a)(3) is intended to ensure that no single equity security constitutes too concentrated of a position in a series of Managed Fund Shares and Rule 14.11(i)(4)(C)(i)(a)(4) is similarly intended to diversify the holdings of a series of Managed Fund Shares. The Exchange believes that these policy concerns are mitigated as it relates to the Funds because: (i) the Unhedged ADR will meet the market cap and liquidity requirements of Rules 14.11(i)(4)(C)(i)(a)(1)

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<sup>21</sup> See supra note 3.

<sup>22</sup> Each Fund expects to invest in excess of 95% of its net assets in the Unhedged ADRs. Each Fund expects that the gross notional value of the Currency Hedge would be equal to the value of the Unhedged ADRs, which would be approximately 50% of the weight of the portfolio (including gross notional exposures).

and (2); and (ii) the intended function of the Funds is to eliminate currency exposure risk for a single security, which means that the Funds are necessarily concentrated. As described above, the creation and redemption mechanism will provide a near frictionless arbitrage opportunity that would minimize the risk of manipulation of either the Unhedged ADR or the applicable Fund and, thus, mitigate the manipulation concerns that Rule 14.11(i)(4)(C)(i)(a)(3) and (4) were intended to address.

The Exchange also believes that the policy issues that Rule 14.11(i)(4)(C)(v) is intended to address are also mitigated by the way that the Funds would use OTC swaps. The rule is intended to mitigate concerns around the manipulability of a particular underlying reference asset or derivatives contract and to minimize counterparty risk. While the Currency Hedge positions taken by the Currency Hedged ADRs would not meet the Generic Listing Standards related to OTC derivatives holdings, the policy concerns about limiting exposure to potentially manipulable underlying reference assets that the Generic Listing Standards are intended to address are otherwise mitigated by the liquidity in the underlying spot currency market that prevents manipulation of the reference prices used by the Currency Hedge. The Funds will attempt to limit counterparty risk in OTC swaps by: (i) entering into such contracts only with counterparties the Advisor believes are creditworthy; (ii) limiting a Fund's exposure to each counterparty; and (iii) monitoring the creditworthiness of each counterparty and the Fund's exposure to each counterparty on an ongoing basis. Counterparty risk associated with OTC swaps is further mitigated because the currency swaps are settled on a daily basis and, thus, the counterparty risk for any particular swap is limited in two ways – first that the counterparty credit exposure is always limited to a 24 hour period and second

that the exposure of the swap is only to the movement in the currencies over that same 24 hour period.

#### Availability of Information

As noted above, the Funds will each comply with the requirements for Managed Fund Shares related to Disclosed Portfolio, Net Asset Value, and the Intraday Indicative Value. Additionally, the intra-day, closing and settlement prices of exchange-traded portfolio assets, which includes only Unhedged ADRs, will be readily available from the securities exchanges on which such Unhedged ADRs are traded, automated quotation systems, published or other public sources, or online information services such as Bloomberg or Reuters. Intraday price quotations on OTC swaps are available from major broker-dealer firms and from third-parties, which may provide prices free with a time delay or in real-time for a paid fee. Price information for cash equivalents will be available from major market data vendors. Each Fund's Disclosed Portfolio will be available on the issuer's website ([www.precidian.com](http://www.precidian.com)) free of charge. Each Fund's website will include the prospectus for the applicable Fund and additional information related to NAV and other applicable quantitative information. Information regarding market price and trading volume of the Shares will be continuously available throughout the day on brokers' computer screens and other electronic services. Information regarding the previous day's closing price and trading volume for the Shares will be published daily in the financial section of newspapers. Trading in the Shares may be halted for market conditions or for reasons that, in the view of the Exchange, make trading inadvisable. 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. The

Exchange has appropriate rules to facilitate trading in the shares during all trading sessions.

### Surveillance

The Exchange believes that its surveillance procedures are adequate to properly monitor the trading of the Funds on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws. Trading of the Funds through the Exchange will be subject to the Exchange's surveillance procedures for derivative products, including Managed Fund Shares. The issuer has represented to the Exchange that it will advise the Exchange of any failure by a Fund to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will surveil for compliance with the continued listing requirements. If a Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting proceedings under Rule 14.12. The Exchange will also consider the suspension of trading and commence delisting proceedings pursuant to Rule 14.12 for a Fund if the Unhedged ADR held by the Fund has been suspended from trading or delisted by the Unhedged ADR's listing exchange. As described above, all Unhedged ADRs will be listed on a U.S. national securities exchange, all of which are members of the Intermarket Surveillance Group ("ISG") or are exchanges with which the Exchange has in place a comprehensive surveillance sharing agreement.<sup>23</sup> The Exchange may obtain information regarding trading in the Funds and

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<sup>23</sup> For a list of the current members and affiliate members of ISG, see [www.isgportal.com](http://www.isgportal.com). The Exchange notes that not all components of the Disclosed Portfolio for the Fund may trade on markets that are members of ISG or with

Unhedged ADRs held by each Fund via the ISG, from other exchanges that are members or affiliates of the ISG, or with which the Exchange has entered into a comprehensive surveillance sharing agreement. Additionally, the Exchange or FINRA, on behalf of the Exchange, are able to access, as needed, trade information for certain fixed income instruments reported to TRACE.

#### Creation and Redemption Process

The Funds will create and redeem shares in large blocks of a specified number of shares or multiples thereof (“Creation Units”) in transactions with Authorized Participants<sup>24</sup> that have entered into agreements with the distributor for each Fund, Foreside Fund Services, LLC (the “Distributor”). The Exchange expects that a Creation Unit for a Fund will consist of 25,000 or more shares. The Trust will issue and sell shares of each Fund in Creation Units on a continuous basis through the Distributor or the Distributor’s agent, without a sales load, at a price based on the Fund’s net asset value (“NAV”) per Share next determined after receipt of the purchase or redemption order, on any day that the Exchange is open for trading (a “Business Day”). Explained simply, for a creation, an Authorized Participant will be required to deliver the Unhedged ADRs in an amount equal to that day’s NAV (the “Deposit Assets”) plus a cash amount representing the value of fractional shares (the “Cash Component” and, collectively with

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which the Exchange has in place a comprehensive surveillance sharing agreement.

<sup>24</sup> For purposes of this proposal, the term “Authorized Participant” is either (1) a “Participating Party,” (i.e., a broker-dealer or other participant in the clearing process of the Continuous Net Settlement System of the NSCC) (“Clearing Process”); or (2) a participant of the Depository Trust Company (the “DTC”) (a “DTC Participant”).

the Deposit Assets, the “Fund Deposit”); and for a redemption, the Trust will deliver Unhedged ADRs to the Authorized Participant equal to the value of that day’s NAV plus the Cash Component (the “Redemption Basket”).

To initiate an order for a Creation Unit, an Authorized Participant must submit to the Distributor or its agent an irrevocable order to purchase Shares, in proper form, generally before 4:00 p.m., Eastern Time, on any Business Day to receive that day’s NAV. On days when the Exchange closes earlier than normal, a Fund may require orders to be placed earlier in the day. The consideration for a purchase of a Creation Unit of a Fund generally will consist only of the Deposit Assets and the Cash Component.

A portfolio composition file, to be sent via the National Securities Clearing Corporation (“NSCC”), will be made available on each Business Day, prior to the opening of business of the Exchange (currently 9:30 a.m., Eastern Time) which includes the required number of shares of the Deposit Assets and Cash Component to be included in the current Fund Deposit (based on information at the end of the previous Business Day). Such Fund Deposit is applicable, subject to any adjustments,<sup>25</sup> to purchases of Creation Units of Shares of the applicable Fund until such time as the next-announced Fund Deposit composition is made available.

Each Fund’s custodian will make available through the NSCC, prior to the

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<sup>25</sup> The Funds may permit or require the substitution of a “cash in lieu” amount to be added to the Cash Component in the event that the Deposit Asset is not available in sufficient quantity for delivery. The Funds also reserve the right to permit or require a “cash in lieu” amount in certain circumstances, including circumstances in which the delivery of the Deposit Asset by the Authorized Participant would be restricted under applicable securities or other local laws or in certain other situations, such as if the Authorized Participant is not able to trade due to a trading restriction. The Funds also reserve the right to permit or require Creation Units to be issued solely in exchange for cash.



opening of business on the Exchange on each Business Day, the Redemption Basket (subject to possible amendment or correction) that will be applicable to redemption requests received in proper form on that day. Orders to redeem Creation Units of a Fund must be delivered through a DTC Participant that has executed the Participant Agreement with the Distributor. A DTC Participant who wishes to place an order for redemption of Creation Units of a Fund to be effected need not be a Participating Party, but such orders must state that redemption of Creation Units of the Fund will instead be effected through transfer of Creation Units of the Fund directly through DTC. An order to redeem Creation Units of a Fund is deemed received by the Distributor on the transmittal date if (i) such order is received not later than 4:00 p.m. Eastern Time on such transmittal date; (ii) such order is preceded or accompanied by the requisite amount of Shares based on the Creation Units specified in such order, which delivery must be made through DTC to the Distributor by a specified time on such transmittal date; and (iii) all other procedures set forth in the Participant Agreement are properly followed.

After the Distributor has deemed an order for redemption received, the Distributor will initiate procedures to transfer the requisite Fund Securities which are expected to be delivered within two Business Days and the Cash Component to the redeeming beneficial owner by the second Business Day following the transmittal date on which such redemption order is deemed received.

#### Information Circular

Prior to the commencement of trading, the Exchange will inform its members in an Information Circular of the special characteristics and risks associated with trading the Shares. Specifically, the Information Circular will discuss the following: (1) the

procedures for purchases and redemptions of Shares in Creation Units (and that Shares are not individually redeemable); (2) BZX Rule 3.7, which imposes suitability obligations on Exchange members with respect to recommending transactions in the Shares to customers; (3) how information regarding the Intraday Indicative Value is disseminated; (4) the risks involved in trading the Shares during the Pre-Opening<sup>26</sup> and After Hours Trading Sessions<sup>27</sup> when an updated Intraday Indicative Value will not be calculated or publicly disseminated; (5) the requirement that members 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 Information Circular will advise members, prior to the commencement of trading, of the prospectus delivery requirements applicable to the Funds. Members purchasing Shares from a Fund for resale to investors will deliver a prospectus to such investors. The Information Circular will also discuss any exemptive, no-action and interpretive relief granted by the Commission from any rules under the Act. The Information Circular will also reference that the Funds are subject to various fees and expenses described in the Registration Statement. The Information Circular will also disclose the trading hours of the Shares and the applicable NAV calculation time for the Shares. The Information Circular will disclose that information about the Shares will be publicly available on each Fund's website.

b. Statutory Basis

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<sup>26</sup> The Pre-Opening Session is from 8:00 a.m. to 9:30 a.m. Eastern Time.

<sup>27</sup> The After Hours Trading Session is from 4:00 p.m. to 5:00 p.m. Eastern Time.

The Exchange believes that the proposal is consistent with Section 6(b) of the Act<sup>28</sup> in general and Section 6(b)(5) of the Act<sup>29</sup> in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest given that the Shares will meet each of the initial and continued listing criteria in Exchange Rule 14.11(i) with the exception of Exchange Rules 14.11(i)(4)(C)(i)(3)-(4)<sup>30</sup> and 14.11(i)(4)(C)(v).<sup>31</sup> The Generic Listing Standards are designed to ensure that the holdings of the portfolio of a series of Managed Fund Shares listed pursuant to 19b-4(e) are sufficiently liquid, diverse, and non-concentrated as to mitigate the policy concerns regarding the manipulability and liquidity for the creation and redemption mechanism associated with that series of Managed Fund Shares. As described above, the Funds do not meet the Generic Listing Standards.

The Exchange believes that, while the Funds would not meet the Generic Listing Standards, in particular Rules 14.11(i)(4)(C)(i)(a)(3) and (4) and 14.11(i)(4)(C)(v), the

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<sup>28</sup> 15 U.S.C. 78f.

<sup>29</sup> 15 U.S.C. 78f(b)(5).

<sup>30</sup> In particular, the Funds will not meet: (i) the requirement under Exchange Rule 14.11(i)(4)(C)(i)(3) that the most heavily weighted component stock shall not exceed 30% of the equity weight of the portfolio; and (ii) the requirement under Exchange Rule 14.11(i)(4)(C)(i)(4) that the equity portion of the portfolio shall include a minimum of 13 component stocks.

<sup>31</sup> In particular, the Funds may not meet the requirement under Exchange Rule 14.11(i)(4)(C)(v) that the aggregate gross notional value of OTC derivatives shall not exceed 20% of the weight of the portfolio (including gross notional exposures).

policy issues that those rules are intended to address are otherwise mitigated by the structure, holdings, and purpose of the Funds. Rule 14.11(i)(4)(C)(i)(a)(3) is intended to ensure that no single equity security constitutes too concentrated of a position in a series of Managed Fund Shares and Rule 14.11(i)(4)(C)(i)(a)(4) is similarly intended to diversify the holdings of a series of Managed Fund Shares. The Exchange believes that these policy concerns are mitigated as it relates to the Funds because: (i) the Unhedged ADR will meet the market cap and liquidity requirements of Rules 14.11(i)(4)(C)(i)(a)(1) and (2); and (ii) the intended function of the Funds is to eliminate currency exposure risk for a single security, which means that the Funds are necessarily concentrated. As described above, the creation and redemption mechanism will provide a near frictionless arbitrage opportunity that would minimize the risk of manipulation of either the Unhedged ADR or the applicable Fund and, thus, mitigate the manipulation concerns that Rule 14.11(i)(4)(C)(i)(a)(3) and (4) were intended to address.

The Exchange also believes that the policy issues that Rule 14.11(i)(4)(C)(v) is intended to address are also mitigated by the way that the Funds would use OTC swaps. The rule is intended to mitigate concerns around the manipulability of a particular underlying reference asset or derivatives contract and to minimize counterparty risk. While the Currency Hedge positions taken by the Currency Hedged ADRs would not meet the Generic Listing Standards related to OTC derivatives holdings, the policy concerns about limiting exposure to potentially manipulable underlying reference assets that the Generic Listing Standards are intended to address are otherwise mitigated by the liquidity in the underlying spot currency market that prevents manipulation of the reference prices used by the Currency Hedge. The Funds will attempt to limit

counterparty risk in OTC swaps by: (i) entering into such contracts only with counterparties the Advisor believes are creditworthy; (ii) limiting a Fund's exposure to each counterparty; and (iii) monitoring the creditworthiness of each counterparty and the Fund's exposure to each counterparty on an ongoing basis. Counterparty risk associated with OTC swaps is further mitigated because the currency swaps are settled on a daily basis and, thus, the counterparty risk for any particular swap is limited in two ways – first that the counterparty credit exposure is always limited to a 24 hour period and second that the exposure of the swap is only to the movement in the currencies over that same 24 hour period.

The Exchange believes that its surveillance procedures are adequate to properly monitor the trading of the Funds on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws. Trading of the Funds through the Exchange will be subject to the Exchange's surveillance procedures for derivative products, including Managed Fund Shares. All statements and representations made in this filing regarding the description of the portfolio or reference assets, limitations on portfolio holdings or reference assets, dissemination and availability of reference assets and intraday indicative values, and the applicability of Exchange listing rules specified in this filing shall constitute continued listing requirements for the Funds. The Trust, on behalf of the Funds, has represented to the Exchange that it will advise the Exchange of any failure by a Fund or the Shares to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will surveil for compliance with the continued listing requirements. If a Fund or the Shares are not in compliance with the applicable

listing requirements, the Exchange will commence delisting procedures under Exchange Rule 14.12.

The Exchange will also consider the suspension of trading and commence delisting proceedings pursuant to Rule 14.12 for a Fund if the Unhedged ADR held by the Fund has been suspended from trading or delisted by the Unhedged ADR's listing exchange. As described above, all Unhedged ADRs will be listed on a U.S. national securities exchange, all of which are members of ISG or are exchanges with which the Exchange has in place a comprehensive surveillance sharing agreement.<sup>32</sup> The Exchange may obtain information regarding trading in the Funds and Unhedged ADRs held by each Fund via the ISG, from other exchanges that are members or affiliates of the ISG, or with which the Exchange has entered into a comprehensive surveillance sharing agreement. Additionally, the Exchange or FINRA, on behalf of the Exchange, are able to access, as needed, trade information for certain fixed income instruments reported to TRACE. At least 100,000 Shares of each Fund will be outstanding upon the commencement of trading.

For the above reasons, the Exchange believes that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act.

4. 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

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<sup>32</sup> For a list of the current members and affiliate members of ISG, see [www.isgportal.com](http://www.isgportal.com). The Exchange notes that not all components of the Disclosed Portfolio for the Fund may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

of the Act. The Exchange notes that the proposed rule change will facilitate the listing and trading of additional series of Managed Fund Shares that will enhance competition among market participants, to the benefit of investors and the marketplace.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

The Exchange has neither solicited nor received written comments on the proposed rule change.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Not applicable.

8. Proposed Rule Change Based on Rule of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1: Completed Notice of the Proposed Rule Change for publication in the Federal Register.

Exhibit 2 – 5: Not applicable.

EXHIBIT 1

## SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-\_\_\_\_\_; File No. SR-CboeBZX-2018-019 Amendment No. 1)

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing of a Proposed Rule Change to List on the Exchange Eighteen ADRPLUS Funds of the Precidian ETFs Trust, under Rule 14.11(i), Managed Fund Shares

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on \_\_\_\_\_, Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) 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 Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange filed a proposal to list on the Exchange eighteen ADRPLUS Funds of the Precidian ETFs Trust (the “Trust”), under Rule 14.11(i) (“Managed Fund Shares”).

The text of the proposed rule change is available at the Exchange’s website at [www.markets.cboe.com](http://www.markets.cboe.com), at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it

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

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



received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

This Amendment No. 1 to SR-CboeBZX-2018-019 amends and replaces in its entirety the proposal as originally submitted on March 2, 2018. The Exchange submits this Amendment No. 1 in order to clarify certain points and add additional details about the Funds.

The Exchange proposes to list and trade shares (“Shares”) of eighteen different series of the Trust under Rule 14.11(i), which governs the listing and trading of Managed Fund Shares.<sup>3</sup> Specifically, the Exchange is proposing to list shares of Anheuser-Busch InBev SA/NV ADRPLUS Fund, AstraZeneca PLC ADRPLUS Fund, Banco Santander, S.A. ADRPLUS Fund, BP P.L.C. ADRPLUS Fund, British American Tobacco p.l.c. ADRPLUS Fund, Diageo plc ADRPLUS Fund, GlaxoSmithKline plc ADRPLUS Fund, HSBC Holdings Plc ADRPLUS Fund, Mitsubishi UFJ Financial Group, Inc. ADRPLUS Fund, Novartis AG ADRPLUS Fund, Novo Nordisk A/S (B Shares) ADRPLUS Fund, Royal Dutch Shell plc (Class A) ADRPLUS Fund, Royal Dutch Shell plc (Class B) ADRPLUS Fund, Sanofi ADRPLUS Fund, SAP AG ADRPLUS Fund, Total S.A.

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<sup>3</sup> The Commission originally approved Exchange Rule 14.11(i) in Securities Exchange Act Release No. 65225 (August 30, 2011), 76 FR 55148 (September 6, 2011) (SR-BATS-2011-018) and subsequently approved generic listing standards for Managed Fund Shares under Exchange Rule 14.11(i)(4)(C) in Securities Exchange Act Release No. 78396 (July 22, 2016), 81 FR 49698 (July 28, 2016) (SR-BATS-2015-100) (“Generic Listing Rules”).

ADRPLUS Fund, Toyota Motor Corporation ADRPLUS Fund, and Vodafone Group Plc ADRPLUS Fund. The Funds are a series of, and the Shares will be offered by, the Trust, which was organized as a Delaware statutory trust on August 27, 2010. Precidian Funds LLC (the “Advisor”) will serve as the investment adviser to the Funds. The Trust is registered with the Commission as an open-end management investment company and has filed a registration statement on behalf of the Funds on Form N-1A (“Registration Statement”) with the Commission.<sup>4</sup>

Exchange Rule 14.11(i)(7) 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.<sup>5</sup> In addition,

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<sup>4</sup> See Registration Statement on Form N-1A for the Trust, filed with the Commission on June 14, 2017 (File Nos. 333-171987 and 811-22524). The descriptions of the Funds and the Shares contained herein are based, in part, on information in the Registration Statement. The Commission has issued an order granting certain exemptive relief to the Adviser and open-end management companies advised by the Adviser under the Investment Company Act of 1940 (15 U.S.C. 80a-1). See Investment Company Act Release No. 32622 (May 2, 2017) (File No. 812-14584).

<sup>5</sup> An investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 (the “Advisers Act”). As a result, the Adviser and its related personnel are subject to the provisions of Rule 204A-1 under the Advisers Act relating to codes of ethics. This Rule requires investment advisers to adopt a code of ethics that reflects the fiduciary nature of the relationship to clients as well as compliance with other applicable securities laws. Accordingly, procedures designed to prevent the communication and misuse of non-public information by an investment adviser must be consistent with Rule 204A-1 under the Advisers Act. In addition, Rule 206(4)-7 under the Advisers Act makes it unlawful for an investment adviser to provide investment advice to clients unless such investment adviser has (i) adopted and implemented written policies and procedures reasonably designed to prevent violation, by the investment adviser

Exchange Rule 14.11(i)(7) further requires that personnel who make decisions on the investment company's portfolio composition must be subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the applicable investment company portfolio. Exchange Rule 14.11(i)(7) is similar to Exchange Rule 14.11(b)(5)(A)(i) (which applies to index-based funds); however, Exchange Rule 14.11(i)(7) in connection with the establishment 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 a registered broker-dealer and is not affiliated with a broker-dealer. In addition, Adviser personnel who make decisions regarding a Fund's portfolio are subject to procedures designed to prevent the use and dissemination of material nonpublic information regarding the Fund's portfolio. In the event that (a) the Adviser becomes registered as a broker-dealer or newly affiliated with a broker-dealer, or (b) any new adviser or sub-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 such broker-dealer affiliate, as applicable, regarding access to information concerning the composition and/or changes to the portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio.

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and its supervised persons, of the Advisers Act and the Commission rules adopted thereunder; (ii) implemented, at a minimum, an annual review regarding the adequacy of the policies and procedures established pursuant to subparagraph (i) above and the effectiveness of their implementation; and (iii) designated an individual (who is a supervised person) responsible for administering the policies and procedures adopted under subparagraph (i) above.

The Funds do not intend to qualify each year as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended, but rather as a grantor trust.

The Exchange submits this proposal in order to allow the Funds to hold U.S. Component Stocks<sup>6</sup> and OTC derivatives in a manner that does not comply with Exchange Rules 14.11(i)(4)(C)(i)(a)(3)-(4)<sup>7</sup> and 14.11(i)(4)(C)(v),<sup>8</sup> respectively. Otherwise, the Funds will comply with all other listing requirements on an initial and continued listing basis under Exchange Rule 14.11(i) for Managed Fund Shares.

#### ADRPLUS Funds

Each Fund seeks to provide investment results that correspond generally, before fees and expenses, to the price and yield performance of a particular American Depositary Receipt, hedged against fluctuations in the exchange rate between the U.S. dollar and the local currency of the foreign security underlying the American Depositary Receipt (“Local Currency”). For example, the Anheuser-Busch InBev SA/NV

ADRPLUS Fund seeks to provide investment results that correspond generally, before

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<sup>6</sup> As defined in Rule 14.11(c)(1)(D), the term “U.S. Component Stock” shall mean an equity security that is registered under Sections 12(b) or 12(g) of the Act, or an American Depositary Receipt, the underlying equity security of which is registered under Sections 12(b) or 12(g) of the Act.

<sup>7</sup> In particular, the Funds will not meet: (i) the requirement under Exchange Rule 14.11(i)(4)(C)(i)(3) that the most heavily weighted component stock shall not exceed 30% of the equity weight of the portfolio; and (ii) the requirement under Exchange Rule 14.11(i)(4)(C)(i)(4) that the equity portion of the portfolio shall include a minimum of 13 component stocks.

<sup>8</sup> In particular, the Funds may not meet the requirement under Exchange Rule 14.11(i)(4)(C)(v) that the aggregate gross notional value of OTC derivatives shall not exceed 20% of the weight of the portfolio (including gross notional exposures).

fees and expenses, to the price and yield performance of Anheuser-Busch InBev SA/NV (ADR), hedged against fluctuations in the exchange rate between the U.S. dollar and the euro. The following chart includes the underlying company and the Local Currency for each of the Funds.

| <b>Fund Name</b>                                  | <b>Underlying Company</b>            | <b>Local Currency</b> |
|---|--------------------------------------|-----------------------|
| Anheuser-Busch InBev SA/NV ADRPLUS Fund           | Anheuser-Busch InBev SA/NV           | Euro                  |
| AstraZeneca PLC ADRPLUS Fund                      | AstraZeneca PLC                      | British pound         |
| Banco Santander, S.A. ADRPLUS Fund                | Banco Santander, S.A.                | Euro                  |
| BP P.L.C. ADRPLUS Fund                            | BP p.l.c.                            | British pound         |
| British American Tobacco p.l.c. ADRPLUS Fund      | British American Tobacco p.l.c.      | British pound         |
| Diageo plc ADRPLUS Fund                           | Diageo plc                           | British pound         |
| GlaxoSmithKline plc ADRPLUS Fund                  | GlaxoSmithKline plc                  | British pound         |
| HSBC Holdings Plc ADRPLUS Fund                    | HSBC Holdings Plc                    | British pound         |
| Mitsubishi UFJ Financial Group, Inc. ADRPLUS Fund | Mitsubishi UFJ Financial Group, Inc. | Japanese yen          |
| Novartis AG ADRPLUS Fund                          | Novartis AG                          | Swiss franc           |
| Novo Nordisk A/S (B Shares) ADRPLUS Fund          | Novo Nordisk A/S (B Shares)          | Danish krone          |
| Royal Dutch Shell plc (Class A) ADRPLUS Fund      | Royal Dutch Shell plc (Class A)      | Euro                  |
| Royal Dutch Shell plc (Class B) ADRPLUS Fund      | Royal Dutch Shell plc (Class B)      | British pound         |
| Sanofi ADRPLUS Fund                               | Sanofi                               | Euro                  |
| SAP AG ADRPLUS Fund                               | SAP AG                               | Euro                  |
| Total S.A. ADRPLUS Fund                           | Total S.A.                           | Euro                  |
| Toyota Motor Corporation ADRPLUS Fund             | Toyota Motor Corporation             | Japanese yen          |
| Vodafone Group Plc ADRPLUS Fund                   | Vodafone Group Plc                   | British pound         |

Each of the Funds will hold only: (i) shares of an American Depositary Receipt

(an “Unhedged ADR”) listed on a U.S. national securities exchange; (ii) OTC swaps that hedge against fluctuations in the exchange rate (the “Exchange Rate”) between the U.S. dollar and the Local Currency (the “Currency Hedge”); and (iii) cash and cash equivalents.<sup>9</sup>

The Funds will provide investors with the opportunity to easily eliminate currency exposure that they may not even realize exists with Unhedged ADRs without having to transact in the currency derivatives market. The Exchange believes that this confers a significant benefit to investors and the broader marketplace by adding transparency and simplifying the process of eliminating risk from an investor’s portfolio. As further described below in the section entitled Policy Discussion, the Exchange believes that the policy concerns underlying the listing rules which the Funds would not meet, specifically Rules 14.11(i)(4)(C)(i)(3)-(4)<sup>10</sup> and 14.11(i)(4)(C)(v),<sup>11</sup> are mitigated by the structure,

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<sup>9</sup> For purposes of this filing and consistent with Rule 14.11(i)(4)(C)(iii), cash equivalents are short-term instruments with maturities of less than three months, that include only the following: (i) U.S. Government securities, including bills, notes, and bonds differing as to maturity and rates of interest, which are either issued or guaranteed by the U.S. Treasury or by U.S. Government agencies or instrumentalities; (ii) certificates of deposit issued against funds deposited in a bank or savings and loan association; (iii) bankers acceptances, which are short-term credit instruments used to finance commercial transactions; (iv) repurchase agreements and reverse repurchase agreements; (v) bank time deposits, which are monies kept on deposit with banks or savings and loan associations for a stated period of time at a fixed rate of interest; (vi) commercial paper, which are short-term unsecured promissory notes; and (vii) money market funds.

<sup>10</sup> In particular, the Funds will not meet: (i) the requirement under Exchange Rule 14.11(i)(4)(C)(i)(3) that the most heavily weighted component stock shall not exceed 30% of the equity weight of the portfolio; and (ii) the requirement under Exchange Rule 14.11(i)(4)(C)(i)(4) that the equity portion of the portfolio shall include a minimum of 13 component stocks.

<sup>11</sup> In particular, the Funds may not meet the requirement under Exchange Rule 14.11(i)(4)(C)(v) that the aggregate gross notional value of OTC derivatives shall

holdings, and purpose of the Funds and, as such, this proposal to list and trade the ADRPLUS Funds should be approved.

The Trust is required to comply with Rule 10A-3 under the Act<sup>12</sup> for the initial and continued listing of the Shares of each Fund. In addition, the Exchange represents that the Shares of each Fund will meet and be subject to all other requirements of the Generic Listing Rules, as defined below, and other applicable continued listing requirements for Managed Fund Shares under Exchange Rule 14.11(i), including those requirements regarding the Disclosed Portfolio (as defined in the Exchange rules) and the requirement that the Disclosed Portfolio and the net asset value (“NAV”) will be made available to all market participants at the same time,<sup>13</sup> intraday indicative value,<sup>14</sup> suspension of trading or removal,<sup>15</sup> trading halts,<sup>16</sup> disclosure,<sup>17</sup> firewalls,<sup>18</sup> and surveillance.<sup>19</sup> Further, at least 100,000 Shares of each Fund will be outstanding upon the commencement of trading.<sup>20</sup> All statements and representations made in this filing regarding the description of the portfolio or reference assets, limitations on portfolio

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not exceed 20% of the weight of the portfolio (including gross notional exposures).

<sup>12</sup> 17 CFR 240.10A -3.

<sup>13</sup> See Exchange Rules 14.11(i)(4)(A)(ii) and 14.11(i)(4)(B)(ii).

<sup>14</sup> See Exchange Rule 14.11(i)(4)(B)(i).

<sup>15</sup> See Exchange Rule 14.11(i)(4)(B)(iii).

<sup>16</sup> See Exchange Rule 14.11(i)(4)(B)(iv). The Exchange will also halt trading in a Fund where there has been a regulatory trading halt declared in the associated Unhedged ADR until trading in the Unhedged ADR resumes.

<sup>17</sup> See Exchange Rule 14.11(i)(6).

<sup>18</sup> See Exchange Rule 14.11(i)(7).

<sup>19</sup> See Exchange Rules 14.11(i)(2)(C).

<sup>20</sup> See Exchange Rule 14.11(i)(4)(A)(i).

holdings or reference assets, dissemination and availability of reference assets and intraday indicative values, and the applicability of Exchange listing rules specified in this filing shall constitute continued listing requirements for the Funds. The Trust, on behalf of the Funds, has represented to the Exchange that it will advise the Exchange of any failure by a Fund or the Shares to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will surveil for compliance with the continued listing requirements. If a Fund or the Shares are not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under Exchange Rule 14.12.

#### Policy Discussion

The generic listing standards for listing Managed Fund Shares pursuant to Rule 19b-4(e) (the “Generic Listing Standards”), as approved by the Commission,<sup>21</sup> are designed to ensure that the holdings of the portfolio of a series of Managed Fund Shares listed pursuant to 19b-4(e) are sufficiently liquid, diverse, and non-concentrated as to mitigate the policy concerns regarding the manipulability and liquidity for the creation and redemption mechanism associated with that series of Managed Fund Shares. As described above, the Funds do not meet the Generic Listing Standards.

The Exchange believes that, while the Funds would not meet the Generic Listing Standards, in particular Rules 14.11(i)(4)(C)(i)(a)(3) and (4) and 14.11(i)(4)(C)(v), the policy issues that those rules are intended to address are otherwise mitigated by the

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<sup>21</sup> See supra note 3.



structure, holdings, and purpose of the Funds.<sup>22</sup> Rule 14.11(i)(4)(C)(i)(a)(3) is intended to ensure that no single equity security constitutes too concentrated of a position in a series of Managed Fund Shares and Rule 14.11(i)(4)(C)(i)(a)(4) is similarly intended to diversify the holdings of a series of Managed Fund Shares. The Exchange believes that these policy concerns are mitigated as it relates to the Funds because: (i) the Unhedged ADR will meet the market cap and liquidity requirements of Rules 14.11(i)(4)(C)(i)(a)(1) and (2); and (ii) the intended function of the Funds is to eliminate currency exposure risk for a single security, which means that the Funds are necessarily concentrated. As described above, the creation and redemption mechanism will provide a near frictionless arbitrage opportunity that would minimize the risk of manipulation of either the Unhedged ADR or the applicable Fund and, thus, mitigate the manipulation concerns that Rule 14.11(i)(4)(C)(i)(a)(3) and (4) were intended to address.

The Exchange also believes that the policy issues that Rule 14.11(i)(4)(C)(v) is intended to address are also mitigated by the way that the Funds would use OTC swaps. The rule is intended to mitigate concerns around the manipulability of a particular underlying reference asset or derivatives contract and to minimize counterparty risk. While the Currency Hedge positions taken by the Currency Hedged ADRs would not meet the Generic Listing Standards related to OTC derivatives holdings, the policy concerns about limiting exposure to potentially manipulable underlying reference assets that the Generic Listing Standards are intended to address are otherwise mitigated by the

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<sup>22</sup> Each Fund expects to invest in excess of 95% of its net assets in the Unhedged ADRs. Each Fund expects that the gross notional value of the Currency Hedge would be equal to the value of the Unhedged ADRs, which would be approximately 50% of the weight of the portfolio (including gross notional exposures).

liquidity in the underlying spot currency market that prevents manipulation of the reference prices used by the Currency Hedge. The Funds will attempt to limit counterparty risk in OTC swaps by: (i) entering into such contracts only with counterparties the Advisor believes are creditworthy; (ii) limiting a Fund's exposure to each counterparty; and (iii) monitoring the creditworthiness of each counterparty and the Fund's exposure to each counterparty on an ongoing basis. Counterparty risk associated with OTC swaps is further mitigated because the currency swaps are settled on a daily basis and, thus, the counterparty risk for any particular swap is limited in two ways – first that the counterparty credit exposure is always limited to a 24 hour period and second that the exposure of the swap is only to the movement in the currencies over that same 24 hour period.

#### Availability of Information

As noted above, the Funds will each comply with the requirements for Managed Fund Shares related to Disclosed Portfolio, Net Asset Value, and the Intraday Indicative Value. Additionally, the intra-day, closing and settlement prices of exchange-traded portfolio assets, which includes only Unhedged ADRs, will be readily available from the securities exchanges on which such Unhedged ADRs are traded, automated quotation systems, published or other public sources, or online information services such as Bloomberg or Reuters. Intraday price quotations on OTC swaps are available from major broker-dealer firms and from third-parties, which may provide prices free with a time delay or in real-time for a paid fee. Price information for cash equivalents will be available from major market data vendors. Each Fund's Disclosed Portfolio will be available on the issuer's website ([www.precidian.com](http://www.precidian.com)) free of charge. Each Fund's

website will include the prospectus for the applicable Fund and additional information related to NAV and other applicable quantitative information. Information regarding market price and trading volume of the Shares will be continuously available throughout the day on brokers' computer screens and other electronic services. Information regarding the previous day's closing price and trading volume for the Shares will be published daily in the financial section of newspapers. Trading in the Shares may be halted for market conditions or for reasons that, in the view of the Exchange, make trading inadvisable. 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. The Exchange has appropriate rules to facilitate trading in the shares during all trading sessions.

#### Surveillance

The Exchange believes that its surveillance procedures are adequate to properly monitor the trading of the Funds on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws. Trading of the Funds through the Exchange will be subject to the Exchange's surveillance procedures for derivative products, including Managed Fund Shares. The issuer has represented to the Exchange that it will advise the Exchange of any failure by a Fund to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will surveil for compliance with the continued listing requirements. If a Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting proceedings under Rule 14.12. The Exchange will also consider the suspension of trading and commence delisting

proceedings pursuant to Rule 14.12 for a Fund if the Unhedged ADR held by the Fund has been suspended from trading or delisted by the Unhedged ADR's listing exchange. As described above, all Unhedged ADRs will be listed on a U.S. national securities exchange, all of which are members of the Intermarket Surveillance Group ("ISG") or are exchanges with which the Exchange has in place a comprehensive surveillance sharing agreement.<sup>23</sup> The Exchange may obtain information regarding trading in the Funds and Unhedged ADRs held by each Fund via the ISG, from other exchanges that are members or affiliates of the ISG, or with which the Exchange has entered into a comprehensive surveillance sharing agreement. Additionally, the Exchange or FINRA, on behalf of the Exchange, are able to access, as needed, trade information for certain fixed income instruments reported to TRACE.

#### Creation and Redemption Process

The Funds will create and redeem shares in large blocks of a specified number of shares or multiples thereof ("Creation Units") in transactions with Authorized Participants<sup>24</sup> that have entered into agreements with the distributor for each Fund, Foreside Fund Services, LLC (the "Distributor"). The Exchange expects that a Creation Unit for a Fund will consist of 25,000 or more shares. The Trust will issue and sell shares

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<sup>23</sup> For a list of the current members and affiliate members of ISG, [see www.isgportal.com](http://www.isgportal.com). The Exchange notes that not all components of the Disclosed Portfolio for the Fund may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

<sup>24</sup> For purposes of this proposal, the term "Authorized Participant" is either (1) a "Participating Party," (i.e., a broker-dealer or other participant in the clearing process of the Continuous Net Settlement System of the NSCC) ("Clearing Process"); or (2) a participant of the Depository Trust Company (the "DTC") (a "DTC Participant").

of each Fund in Creation Units on a continuous basis through the Distributor or the Distributor's agent, without a sales load, at a price based on the Fund's net asset value ("NAV") per Share next determined after receipt of the purchase or redemption order, on any day that the Exchange is open for trading (a "Business Day"). Explained simply, for a creation, an Authorized Participant will be required to deliver the Unhedged ADRs in an amount equal to that day's NAV (the "Deposit Assets") plus a cash amount representing the value of fractional shares (the "Cash Component" and, collectively with the Deposit Assets, the "Fund Deposit"); and for a redemption, the Trust will deliver Unhedged ADRs to the Authorized Participant equal to the value of that day's NAV plus the Cash Component (the "Redemption Basket").

To initiate an order for a Creation Unit, an Authorized Participant must submit to the Distributor or its agent an irrevocable order to purchase Shares, in proper form, generally before 4:00 p.m., Eastern Time, on any Business Day to receive that day's NAV. On days when the Exchange closes earlier than normal, a Fund may require orders to be placed earlier in the day. The consideration for a purchase of a Creation Unit of a Fund generally will consist only of the Deposit Assets and the Cash Component.

A portfolio composition file, to be sent via the National Securities Clearing Corporation ("NSCC"), will be made available on each Business Day, prior to the opening of business of the Exchange (currently 9:30 a.m., Eastern Time) which includes the required number of shares of the Deposit Assets and Cash Component to be included in the current Fund Deposit (based on information at the end of the previous Business

Day). Such Fund Deposit is applicable, subject to any adjustments,<sup>25</sup> to purchases of Creation Units of Shares of the applicable Fund until such time as the next-announced Fund Deposit composition is made available.

Each Fund's custodian will make available through the NSCC, prior to the opening of business on the Exchange on each Business Day, the Redemption Basket (subject to possible amendment or correction) that will be applicable to redemption requests received in proper form on that day. Orders to redeem Creation Units of a Fund must be delivered through a DTC Participant that has executed the Participant Agreement with the Distributor. A DTC Participant who wishes to place an order for redemption of Creation Units of a Fund to be effected need not be a Participating Party, but such orders must state that redemption of Creation Units of the Fund will instead be effected through transfer of Creation Units of the Fund directly through DTC. An order to redeem Creation Units of a Fund is deemed received by the Distributor on the transmittal date if (i) such order is received not later than 4:00 p.m. Eastern Time on such transmittal date; (ii) such order is preceded or accompanied by the requisite amount of Shares based on the Creation Units specified in such order, which delivery must be made through DTC to the Distributor by a specified time on such transmittal date; and (iii) all other procedures set forth in the Participant Agreement are properly followed.

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<sup>25</sup> The Funds may permit or require the substitution of a "cash in lieu" amount to be added to the Cash Component in the event that the Deposit Asset is not available in sufficient quantity for delivery. The Funds also reserve the right to permit or require a "cash in lieu" amount in certain circumstances, including circumstances in which the delivery of the Deposit Asset by the Authorized Participant would be restricted under applicable securities or other local laws or in certain other situations, such as if the Authorized Participant is not able to trade due to a trading restriction. The Funds also reserve the right to permit or require Creation Units to be issued solely in exchange for cash.

After the Distributor has deemed an order for redemption received, the Distributor will initiate procedures to transfer the requisite Fund Securities which are expected to be delivered within two Business Days and the Cash Component to the redeeming beneficial owner by the second Business Day following the transmittal date on which such redemption order is deemed received.

#### Information Circular

Prior to the commencement of trading, the Exchange will inform its members in an Information Circular of the special characteristics and risks associated with trading the Shares. Specifically, the Information Circular will discuss the following: (1) the procedures for purchases and redemptions of Shares in Creation Units (and that Shares are not individually redeemable); (2) BZX Rule 3.7, which imposes suitability obligations on Exchange members with respect to recommending transactions in the Shares to customers; (3) how information regarding the Intraday Indicative Value is disseminated; (4) the risks involved in trading the Shares during the Pre-Opening<sup>26</sup> and After Hours Trading Sessions<sup>27</sup> when an updated Intraday Indicative Value will not be calculated or publicly disseminated; (5) the requirement that members 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 Information Circular will advise members, prior to the commencement of trading, of the prospectus delivery requirements applicable to the Funds. Members purchasing Shares from a Fund for resale to investors will deliver a

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<sup>26</sup> The Pre-Opening Session is from 8:00 a.m. to 9:30 a.m. Eastern Time.

<sup>27</sup> The After Hours Trading Session is from 4:00 p.m. to 5:00 p.m. Eastern Time.

prospectus to such investors. The Information Circular will also discuss any exemptive, no-action and interpretive relief granted by the Commission from any rules under the Act. The Information Circular will also reference that the Funds are subject to various fees and expenses described in the Registration Statement. The Information Circular will also disclose the trading hours of the Shares and the applicable NAV calculation time for the Shares. The Information Circular will disclose that information about the Shares will be publicly available on each Fund's website.

## 2. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act<sup>28</sup> in general and Section 6(b)(5) of the Act<sup>29</sup> in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest given that the Shares will meet each of the initial and continued listing criteria in Exchange Rule 14.11(i) with the exception of Exchange Rules 14.11(i)(4)(C)(i)(3)-(4)<sup>30</sup> and 14.11(i)(4)(C)(v).<sup>31</sup> The Generic Listing Standards

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<sup>28</sup> 15 U.S.C. 78f.

<sup>29</sup> 15 U.S.C. 78f(b)(5).

<sup>30</sup> In particular, the Funds will not meet: (i) the requirement under Exchange Rule 14.11(i)(4)(C)(i)(3) that the most heavily weighted component stock shall not exceed 30% of the equity weight of the portfolio; and (ii) the requirement under Exchange Rule 14.11(i)(4)(C)(i)(4) that the equity portion of the portfolio shall include a minimum of 13 component stocks.

<sup>31</sup> In particular, the Funds may not meet the requirement under Exchange Rule 14.11(i)(4)(C)(v) that the aggregate gross notional value of OTC derivatives shall



are designed to ensure that the holdings of the portfolio of a series of Managed Fund Shares listed pursuant to 19b-4(e) are sufficiently liquid, diverse, and non-concentrated as to mitigate the policy concerns regarding the manipulability and liquidity for the creation and redemption mechanism associated with that series of Managed Fund Shares. As described above, the Funds do not meet the Generic Listing Standards.

The Exchange believes that, while the Funds would not meet the Generic Listing Standards, in particular Rules 14.11(i)(4)(C)(i)(a)(3) and (4) and 14.11(i)(4)(C)(v), the policy issues that those rules are intended to address are otherwise mitigated by the structure, holdings, and purpose of the Funds. Rule 14.11(i)(4)(C)(i)(a)(3) is intended to ensure that no single equity security constitutes too concentrated of a position in a series of Managed Fund Shares and Rule 14.11(i)(4)(C)(i)(a)(4) is similarly intended to diversify the holdings of a series of Managed Fund Shares. The Exchange believes that these policy concerns are mitigated as it relates to the Funds because: (i) the Unhedged ADR will meet the market cap and liquidity requirements of Rules 14.11(i)(4)(C)(i)(a)(1) and (2); and (ii) the intended function of the Funds is to eliminate currency exposure risk for a single security, which means that the Funds are necessarily concentrated. As described above, the creation and redemption mechanism will provide a near frictionless arbitrage opportunity that would minimize the risk of manipulation of either the Unhedged ADR or the applicable Fund and, thus, mitigate the manipulation concerns that Rule 14.11(i)(4)(C)(i)(a)(3) and (4) were intended to address.

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not exceed 20% of the weight of the portfolio (including gross notional exposures).

The Exchange also believes that the policy issues that Rule 14.11(i)(4)(C)(v) is intended to address are also mitigated by the way that the Funds would use OTC swaps. The rule is intended to mitigate concerns around the manipulability of a particular underlying reference asset or derivatives contract and to minimize counterparty risk. While the Currency Hedge positions taken by the Currency Hedged ADRs would not meet the Generic Listing Standards related to OTC derivatives holdings, the policy concerns about limiting exposure to potentially manipulable underlying reference assets that the Generic Listing Standards are intended to address are otherwise mitigated by the liquidity in the underlying spot currency market that prevents manipulation of the reference prices used by the Currency Hedge. The Funds will attempt to limit counterparty risk in OTC swaps by: (i) entering into such contracts only with counterparties the Advisor believes are creditworthy; (ii) limiting a Fund's exposure to each counterparty; and (iii) monitoring the creditworthiness of each counterparty and the Fund's exposure to each counterparty on an ongoing basis. Counterparty risk associated with OTC swaps is further mitigated because the currency swaps are settled on a daily basis and, thus, the counterparty risk for any particular swap is limited in two ways – first that the counterparty credit exposure is always limited to a 24 hour period and second that the exposure of the swap is only to the movement in the currencies over that same 24 hour period.

The Exchange believes that its surveillance procedures are adequate to properly monitor the trading of the Funds on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws.

Trading of the Funds through the Exchange will be subject to the Exchange's

surveillance procedures for derivative products, including Managed Fund Shares. All statements and representations made in this filing regarding the description of the portfolio or reference assets, limitations on portfolio holdings or reference assets, dissemination and availability of reference assets and intraday indicative values, and the applicability of Exchange listing rules specified in this filing shall constitute continued listing requirements for the Funds. The Trust, on behalf of the Funds, has represented to the Exchange that it will advise the Exchange of any failure by a Fund or the Shares to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will surveil for compliance with the continued listing requirements. If a Fund or the Shares are not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under Exchange Rule 14.12.

The Exchange will also consider the suspension of trading and commence delisting proceedings pursuant to Rule 14.12 for a Fund if the Unhedged ADR held by the Fund has been suspended from trading or delisted by the Unhedged ADR's listing exchange. As described above, all Unhedged ADRs will be listed on a U.S. national securities exchange, all of which are members of ISG or are exchanges with which the Exchange has in place a comprehensive surveillance sharing agreement.<sup>32</sup> The Exchange may obtain information regarding trading in the Funds and Unhedged ADRs held by each Fund via the ISG, from other exchanges that are members or affiliates of the ISG, or with

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<sup>32</sup> For a list of the current members and affiliate members of ISG, see [www.isgportal.com](http://www.isgportal.com). The Exchange notes that not all components of the Disclosed Portfolio for the Fund may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

which the Exchange has entered into a comprehensive surveillance sharing agreement. Additionally, the Exchange or FINRA, on behalf of the Exchange, are able to access, as needed, trade information for certain fixed income instruments reported to TRACE. At least 100,000 Shares of each Fund will be outstanding upon the commencement of trading.

For the above reasons, the Exchange believes that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act.

(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 facilitate the listing and trading of additional series of Managed Fund Shares that 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

The Exchange has neither solicited nor received written comments on the proposed rule change.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will: (a) by order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether

the proposed rule change should be disapproved.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposal 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 e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File No. SR-CboeBZX-2018-019 Amendment No. 1 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 No. SR-CboeBZX-2018-019 Amendment No. 1.

This file number should be included on the subject line if e-mail 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 am and 3:00 pm. Copies of such filing will also 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 No. SR-CboeBZX-2018-019 Amendment No. 1 and should be submitted on or before [\_\_\_\_\_21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>33</sup>

Robert W. Errett  
Deputy Secretary

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<sup>33</sup> 17 CFR 200.30-3(a)(12).