

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="71"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2017"/> - * <input type="text" value="011"/> Amendment No. (req. for Amendments *) <input type="text" value="1"/>
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Filing by Cboe BZX Exchange, Inc.
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input type="checkbox"/>	Amendment * <input checked="" type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<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) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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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 * <input type="text" value="Kyle"/>	Last Name * <input type="text" value="Murray"/>
Title * <input type="text" value="Assistant General Counsel"/>	
E-mail * <input type="text" value="kmurray@cboe.com"/>	
Telephone * <input type="text" value="(913) 815-7121"/>	Fax <input type="text"/>

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 <input type="text" value="03/06/2018"/>	<input type="text" value="Assistant General Counsel"/>
By <input type="text" value="Kyle Murray"/>	<input type="text"/>
(Name *)	<input type="text" value="kmurray@cboe.com"/>

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 Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to list and trade under BZX Rule 14.11(c)(5) the common shares of beneficial interest of the PowerShares Income Builder Portfolio (the “Fund”), a series of PowerShares Exchange-Traded Fund Trust II (the “Trust”). The common shares of beneficial interest of the Fund are referred to herein as the “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 6, 2018.

(b) Please refer questions and comments on the proposed rule change to Pat Sexton, Executive Vice President, General Counsel and Corporate Secretary, (312) 786-7467, 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-2017-011 amends and replaces in its entirety the proposal as originally submitted on December 1, 2017. The Exchange

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

submits this Amendment No. 1 in order to clarify certain points and add additional details about the Fund.

The Exchange proposes to list and trade the Shares of the Fund under BZX Rule 14.11(c)(5),³ which governs the listing and trading of Index Fund Shares based on equity and fixed income securities indexes.⁴ The Shares will be offered by the Fund, which will be a passively managed index-based exchange-traded fund (“ETF”). The Fund is a series of the Trust, which was established as a Massachusetts business trust on October 10, 2006. The Trust is registered with the Commission as an open-end management investment company and has filed a post-effective amendment to its registration statement on Form N-1A (the “Registration Statement”) with the Commission to register the Fund and its Shares under the Investment Company Act of 1940 (“1940 Act”) and the Securities Act of 1933.⁵

Invesco PowerShares Capital Management LLC will be the investment adviser (the “Adviser”) to the Fund. Invesco Advisers, Inc. will be the investment sub-adviser

³ The Commission approved BZX Rule 14.11(c) in Securities Exchange Act Release No. 65225 (August 30, 2011), 76 FR 55148 (September 6, 2011) (SR-BATS-2011-018).

⁴ BZX Rule 14.11(c)(1)(A)(i) provides that an Index Fund Share is a security that is issued by an open-end management investment company based on a portfolio of stocks or fixed income securities or a combination thereof, that seeks to provide investment results that correspond generally to the price and yield performance or total return performance of a specified foreign or domestic stock index, fixed income securities index or combination thereof.

⁵ See Registration Statement on Form N-1A for the Trust, filed on July 31, 2017 (File Nos. 333-138490 and 811-21977). The descriptions of the Fund and the Shares contained herein are based, in part, on information in the Registration Statement. In addition, the Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act. See Investment Company Act Release No. 27841 (May 25, 2007) (File No. 812-13335) (“Exemptive Order”).

(the “Sub-Adviser”) to the Fund.⁶ The Adviser and the Sub-Adviser are affiliated with a broker-dealer and have implemented, and will maintain, a fire wall with respect to the broker-dealer affiliate regarding access to information concerning the composition and/or changes to the Fund’s portfolio. In addition, Adviser and Sub-Adviser personnel who make decisions regarding the 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 or Sub-Adviser becomes registered as a broker-dealer or newly affiliated with another 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.

⁶ 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.

Invesco Distributors, Inc. will be the distributor (the “Distributor”) of the Shares. The Bank of New York Mellon (the “Custodian”) will act as the custodian, administrator, accounting agent and transfer agent for the Fund.

As discussed in more detail below, the Fund’s investment objective is to seek to track the investment results (before fees and expenses) of the Goldman Sachs Bond Buyers Equity Basket Index (the “Underlying Index”). The Underlying Index is designed to measure the performance of a hypothetical portfolio of common equity stocks with an overlay of fully-collateralized written put options on those stocks.

The Underlying Index was developed by Goldman, Sachs & Co. (“Goldman Sachs”). Solactive AG (the “Calculation Agent”) maintains, calculates, and publishes the value of the Underlying Index on each business day. The Calculation Agent is not registered as an investment adviser or broker-dealer and is not affiliated with any broker-dealers. The Calculation Agent has also implemented and will maintain procedures designed to prevent the use and dissemination of material, non-public information regarding the Underlying Index as required under Rule 14.11(c)(5)(A)(iii). None of the Trust, the Adviser, the Sub-Adviser, the Custodian or the Distributor is affiliated with Goldman Sachs, the Calculation Agent or their respective affiliates.

The Exchange is submitting this proposed rule change because the Underlying Index for the Fund does not meet the listing requirements of Rule 14.11(c)(5) applicable to an index that consists of both equity securities (and with respect to this Underlying Index, U.S. Component Stocks)⁷ and Fixed Income Securities,⁸ which requires that the

⁷ 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

equity and fixed income component securities separately meet the criteria set forth in Rules 14.11(c)(3) and (4), respectively, because the Underlying Index consists partially of put options. The Fixed Income Security component of the Underlying Index, which consists of only Treasury bills, meets the “generic” listing requirements of Rule 14.11(c)(4).

All statements and representations made in this filing regarding the Underlying Index composition, the description of the portfolio or reference assets, limitations on portfolio holdings or reference assets, dissemination and availability of the Underlying Index, reference asset, and intraday indicative values, and the applicability of Exchange rules specified in this filing shall constitute continued listing requirements for the Shares.

Index Methodology

The Underlying Index is composed of a Stock Component (represented by 100 U.S. exchange-listed common stocks of large capitalization that have listed options traded on a U.S. exchange), the Options Strategy, and Collateral (represented by Treasury bills) intended to fully-collateralize the Options Strategy. The selection of common stocks for the Stock Component, the selection of strike prices of the fully-collateralized put options for the Options Strategy, and the asset allocation between the Stock Component and Collateral are determined pursuant to the Underlying Index’s

American Depositary receipt, the underlying equity security of which is registered under Sections 12(b) or 12(g) of the Act.

⁸ As defined in Rule 14.11(c)(4), the term “Fixed Income Security” shall mean debt securities that are notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, U.S. Department of Treasury securities (“Treasury Securities”), government-sponsored entity securities (“GSE Securities”), municipal securities, trust preferred securities, supranational debt and debt of a foreign country or subdivision thereof.

methodology, as described more fully below.

According to the Registration Statement, the Underlying Index is designed to obtain yield from three sources: (1) the dividends and returns on the common stocks in the Stock Component, (2) the premiums received from the put options sold via the Options Strategy,⁹ and (3) the yield from Treasury bills serving as Collateral.¹⁰

The constituents in the Stock Component are selected in accordance with Goldman Sachs' rules-based methodology, as described herein. The Underlying Index is designed to identify common stocks of companies with relatively low volatility, issued by companies with relatively strong financial conditions (as measured by a company's "free cash flow" ("FCF")). Companies with high FCF have a lower probability of entering

⁹ As described above, a put option seller will incur a loss if the put option expires in-the-money at the expiration date or if the in-the-money put option is exercised by the option holder and, in each case, the in-the-money amount is greater than the purchase price of the put option (the "premium") collected by the put option seller. A put option seller will recognize a realized gain if the put option expires "out of the money" (i.e., the underlying stock price is below the put option strike price).

¹⁰ The amount of the premiums received from selling options largely involves the level of implied volatility of the underlying reference security: the measurement of how much the market price of the underlying reference security historically varied from day to day over a specific period of time. The higher the implied volatility, the more likely the underlying reference security will experience large price changes. Another factor bearing on the put option premium is the time value of the options. The more time that remains until the expiration date of the option, the greater the amount of time that an option trade has to become profitable due to a favorable move in the underlying reference security. As a result, investors are willing to pay a higher premium for more time until the expiration date of an option (and conversely, as the expiration date of an option approaches, the market price of the option decreases, and down to zero if the option remains out-of-the-money on the expiration date of the option).

distress and/or higher probability of paying consistent dividends.¹¹

From an investible universe consisting of common stocks (which excludes American depositary receipts and ETFs) that have listed options traded on a U.S. stock exchange, the Underlying Index identifies the 800 largest stocks (based on the issuer's capitalization) and applies two screens: (1) the first screen eliminates the 25% of those 800 stocks (that is, 200 stocks) with the least liquidity,¹² and (2) the second screen eliminates the 25% of the remaining 600 stocks (that is, 150 stocks) whose listed options have the lowest liquidity as judged by their "notional volume."¹³ Next, the Underlying Index screens each of the remaining 450 eligible securities based on its current five-year credit default swap ("CDS") spread.¹⁴ A security is eliminated from eligibility if it has a

¹¹ In general, free cash flow is the money a company generates after accounting for daily operations or capital expenditures. Typically, a high or growing FCF indicates that a company has strong financial health (e.g., higher margins, lower interest expense and/or more limited need for cash to maintain ongoing operations), is consistently de-leveraging and/or has the ability to return cash to shareholders through dividends or share buybacks.

¹² According to the Registration Statement, a stock's liquidity is measured by its one-year average daily trading dollar volume (with greater volume representing greater liquidity).

¹³ According to the Registration Statement, a stock's notional volume is the one-year average notional value of all options traded on that stock.

¹⁴ Generally, a CDS contract is a financial swap agreement wherein the seller of the swap will compensate the buyer should a credit event occur – such as a failure to pay interest or principle on a credit obligation, restructuring or default. A CDS generally operates as a form of insurance to the buyer against the risk of a bond. The buyer of the swap makes a series of payments (often called the "spread" or "premiums") to the seller up until the maturity date or execution of a contract. In return, the seller agrees that, should the credit event occur, the seller will pay the buyer the face value of a bond in exchange for physical delivery of an applicable bond of the entity.

5-year CDS spread greater than 150 basis points annually.¹⁵

The Underlying Index calculates the following information for each remaining eligible security: (1) the security's latest available FCF yield¹⁶ (or change in book value ("BV")¹⁷ for certain stocks, depending on the sector of the stock issuer¹⁸) for its most recently completed fiscal year ("FY0");¹⁹ and (2) the security's estimated FCF yield, calculated by estimating the growth in earnings per share for its upcoming fiscal year

¹⁵ The "spread" of a CDS contract is the annual amount the protection buyer must pay the seller over the length of the contract, expressed as a percentage of the notional amount. For example, if the CDS has a spread of 200 basis points, or 2.0%, then an investor buying \$1 million worth of protection from the seller must pay \$20,000 annually. Such payments usually continue until either the CDS contract expires or a credit event occurs. In general, the higher the spread, the more likely that the marketplace believes the credit event will occur. Consequently, stocks with greater volatility (and greater likelihood of experiencing a significant decline in value) generally will have CDS contracts with a higher spread.

¹⁶ FCF yield is calculated by dividing a company's FCF per share by the company's current market price per share. FCF yield typically is expressed as a percentage; the greater the number, the greater amount of FCF (relative to its market capitalization) that a company generates annually.

¹⁷ The BV of a company is the total value of that company (measured as the difference between the company's total assets and total liabilities). The change in BV (as a percent of market capitalization) for a stock is a measure of how the issuer's BV changed over the past year relative to the company's latest market value of equity.

¹⁸ The Underlying Index will include stocks from issuers located in each of 9 market sectors (Information Technology, Healthcare, Consumer Services, Consumer Products, Industrials, Financials and Real Estate Investment Trusts, Utilities, Materials and Energy). Stocks issued by companies in the Financials and Real Estate Investment Trusts sector will use BV, while stocks issued by companies in the other 8 market sectors will use FCF yield. References herein to FCF yield are intended to include BV, as applicable, for securities in the Financials and Real Estate Investment Trusts sector.

¹⁹ Securities with a FCF yield that is less than or equal to zero in FY0 are eliminated from eligibility.

(“FY1”).²⁰ Next, each security’s “implied volatility”²¹ over the next 12 months is estimated using publicly available options prices.²²

The Underlying Index then adjusts each remaining eligible stock’s FCF yield based on its implied volatility by dividing each stock’s actual FCF yield in FY0 and estimated FCF yield in FY1 by its implied volatility. The result produces two values for each eligible stock: a “volatility-adjusted” FCF yield for FY0 and a volatility-adjusted FCF yield for FY1. It then averages the two results from FY0 and FY1 to establish each security’s “average volatility adjusted FCF yield.” The 100 stocks with the highest average FCF yield, after adjusting for volatility, are included in the Underlying Index, subject to minimum and maximum sector weighting requirements. Stocks with lower implied volatility receive greater weighting in the Underlying Index.²³

²⁰ A stock’s estimated growth in earnings from its most recently completed fiscal year to its next upcoming fiscal year is calculated using analysts’ publically available consensus.

²¹ Implied volatility is a way of estimating the future fluctuations in the price of a security based on options prices. Implied volatility represents the marketplace’s views about what the volatility of a stock should be in the future (i.e., high implied volatility means the marketplace expects a security to have large price swings, while low implied volatility means that the marketplace expects the price generally will have smaller movements).

²² A stock’s implied volatility typically is a key driver in the pricing of put options on the stock. Options tend to have higher premiums when the underlying stock has high levels of implied volatility. This is because a greater possibility of wider fluctuations in the price of an underlying stock creates a greater likelihood that the stock’s price will drop below the option’s strike price, resulting in a loss to the seller. By taking greater risk, the put option seller accordingly receives greater premiums.

²³ According to the Registration Statement, the Underlying Index’s methodology requires that each of the 9 market sectors have a maximum of 25 stocks included in the Stock Component. The Underlying Index targets a minimum of two stocks from each sector; however, if there are not two stocks in a sector that pass the liquidity and CDS screen, then it is possible to have no stocks from that sector.

After establishing the Stock Component, the Underlying Index's methodology determines the Options Strategy. The Options Strategy writes or sells put options on the 100 stocks included in the Stock Component. Those put options are standardized options listed and traded on U.S. exchanges and will have terms of at least six but no more than 18 months as of each quarterly rebalance date (described below).

The strike price for each put option will be selected, in accordance with the Underlying Index's methodology, at an amount that will generate a premium that (when annualized) is as close as possible to the expected return of the underlying stock.²⁴ The put options related to the Options Strategy will have expirations between six and 18 months. All put options in the Underlying Index are fully collateralized with Treasury bills in an amount equal to the outstanding notional value of the put options. The Collateral may also include the premiums collected on the put options.

According to the Registration Statement, at any given time, depending on market conditions, the Underlying Index's assets are allocated between the Stock Component and the Collateral to generate income.²⁵ According to the Registration Statement, the allocation depends on the amount of FCF yield or dividend yield from the Stock Component: during periods when the stocks' FCF yield is high (leading to a lower proportion of puts written) and dividend yield is high (leading to a lower proportion of

²⁴ Like free cash flow, the annualized premium is expressed as a percentage. For example, the Underlying Index will not sell puts that derive premiums in an amount (when annualized) that is less than 2% of the underlying stock's FCF yield, calculated in the manner described above.

²⁵ There is no limit to how much or how little the Underlying Index may allocate to the Stock Component (i.e., at any given time, the portion of the Underlying Index's assets allocated to the Stock Component may be anywhere from 0% to 100%).

puts written), a greater percentage of the Underlying Index's assets will be allocated to the Stock Component. Conversely, when the FCF yield and dividend yield of such stocks are low, a greater percentage of the Underlying Index's assets will be allocated to Treasury bills collateralizing the Options Strategy.²⁶

The Underlying Index is rebalanced quarterly in March, June, September and December, typically on the Friday before the third Saturday of the month (the "rebalance date"). The 100 common stocks to be included in the Stock Component are made available one week prior to the rebalance date. The put option strike prices and weights of the Underlying Index's components will be made available prior to the end of the business day on the rebalance date.

As noted above, the Underlying Index will consist of a mixture of (1) 100 U.S. exchange-listed common stocks of large capitalization that have listed options traded on a U.S. exchange (the "Stock Component"),(2) put options²⁷ that are sold (or "written") on

²⁶ When companies have low FCF yield, there is elevated risk associated with owning their stock. Therefore, the Underlying Index rebalances to reduce exposure to the Stock Component (where investors have potential losses equal to the stock price) and increases exposure to the Treasury bills collateralizing the Options Strategy (where investors have potential losses equal to the stock price minus the Treasury bill yield and the premiums collected).

²⁷ A put option is an option contract giving the contract holder (or "option holder") the right, but not the obligation, to sell a specified amount of an underlying stock, typically 100 shares per contract, at a predetermined, specified price (the "strike price") at any time within a specified time (the "expiration date"). If the option holder exercise that right, the seller (or "writer") of the put option must transfer to the option holder an amount equal to the product of the strike price and the total number of shares relating to such exercised put options. In exchange for such payment by the seller to the option holder, the option holder will transfer to the seller shares of the underlying stock equal to the total number of shares relating to such exercised put options. Put option sellers risk losses if the price of a stock drops below the strike price (a situation when the option is referred to as "in-the-money"). An option holder will have an unrealized gain if the written put option

those same 100 stocks that comprise the Stock Component (the “Options Strategy”), and (3) Treasury bills (the “Collateral”), which are intended to collateralize the Options Strategy.

Description of the Fund

Under normal market conditions,²⁸ the Fund will seek to achieve its investment objective by generally investing at least 90% of its total assets in the components of the Underlying Index.²⁹ The Fund will use an “indexing” investment approach to seek to achieve its investment objective. The Adviser will seek a correlation over time of 0.95 or better between the Fund’s performance and the performance of the Underlying Index; a

purchased by the option holder has appreciated in an amount greater than the purchase price of each such put option purchased by the option holder. The option holder may recognize a realized gain on a put option by exercising the put option and then selling the shares or by selling the put option (e.g., closing out the option transaction with by selling the put options). As an example of the gain by an option holder related to an “in-the-money” put option, if a put option has a strike price of \$50 per share and at the time the underlying stock price is \$40 per share, the option holder will have a gross realized gain of \$10 per share. The option holder’s realized gain for such transaction would be equal to the \$10 per share less the put option purchase price per share paid by the option holder to acquire the put options).

²⁸ The term “normal market conditions” includes, but is not limited to, the absence of trading halts in the applicable financial markets generally; operational issues causing dissemination of inaccurate market information or system failures; or force majeure type events such as natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption, or any similar intervening circumstance.

²⁹ The Fund will operate as an index fund and will not be actively managed. Therefore, the Fund will not adopt temporary defensive strategies. It will continue to invest at least 90% of its assets in the components of the Underlying Index, in accordance with the terms of its Exemptive Order, even during unusual market conditions, including extreme volatility or trading halts in the financial markets generally.

figure of 1.00 would represent perfect correlation.³⁰ The Fund generally will employ a “full replication” methodology, meaning that generally it will seek to invest in all of the components of the Underlying Index (i.e., all of the stocks in the Stock Component, the Options Strategy, and the Collateral for the put options) in proportion to their weightings in the Underlying Index. However, under various circumstances, it may not be possible or practicable for the Fund to purchase all of the components of the Underlying Index in the same weightings as the Underlying Index. In those circumstances, the Fund may purchase a representative sample of securities in the Underlying Index in pursuing its investment objective.³¹

Other Investments

After investing at least 90% of its total assets in components of the Underlying Index, the Fund may invest up to 10% of its total assets in the following: (i) exchange-

³⁰ Another means of evaluating the relationship between the returns of the Fund and the Underlying Index is to assess the “tracking error” between the two. Tracking error means the variation between the Fund’s annual return and the return of the Underlying Index, expressed in terms of standard deviation. The Fund seeks to have a tracking error of less than 5%, measured on a monthly basis over a one-year period by taking the standard deviation of the difference in the Fund’s returns versus the Underlying Index’s returns.

³¹ A “sampling” methodology means that the Adviser (or Sub-Adviser) will use a quantitative analysis to select component securities of the Underlying Index for the Fund’s portfolio that are a representative sample of securities that have, in the aggregate, investment characteristics similar to the Underlying Index in terms of key risk factors, performance attributes and other characteristics. These include industry weightings, market capitalization, return variability, earnings valuation, yield and other financial characteristics of securities. When employing a sampling methodology, the Adviser (or Sub-Adviser) bases the quantity of holdings in the Fund on a number of factors, including asset size of the Fund, and generally expects the Fund to hold less than the total number of securities in the Underlying Index. However, the Adviser (or Sub-Adviser) reserves the right to invest the Fund in as many securities as it believes necessary to achieve the Fund’s investment objective.

traded U.S. equity securities not included in the Underlying Index, but which the Adviser or Sub-Adviser believes will help the Fund to track the Underlying Index;³² (ii) high quality securities issued or guaranteed by the U.S. government (in addition to Treasury bills) and non-U.S. governments, and each of their agencies and instrumentalities; (iii) money market instruments, including repurchase agreements or other funds which invest exclusively in money market instruments (subject to applicable limitations under the 1940 Act, or exemptions therefrom);³³ (iv) convertible securities; (v) structured notes;³⁴ (vi) securities of other investment companies (including affiliated and unaffiliated funds, such as open-end or closed-end management investment companies, and other ETFs) beyond the limits permitted under the 1940 Act, subject to certain terms and conditions set forth in a Commission exemptive order issued to the Trust pursuant to Section 12(d)(1)(J) of the 1940 Act;³⁵ and (vii) OTC options.³⁶

³² For example, there may be instances in which the Adviser or Sub-Adviser may choose to purchase or sell securities not in the Underlying Index which the Adviser or Sub-Adviser believes are appropriate to substitute for one or more Underlying Index components in seeking to replicate, before fees and expenses, the performance of the Underlying Index.

³³ The Fund may invest in repurchase agreements with commercial banks, brokers or dealers to generate income from its excess cash balances and to invest securities lending cash collateral.

³⁴ Structured notes are derivative securities for which the amount of principal repayment and/or interest payments is based on the movement of one or more factors, including but not limited to, currency exchange rates, interest rates (such as the prime lending rate or LIBOR), referenced bonds and stock indices.

³⁵ See Investment Company Act Release No. 30238 (October 23, 2012) (File No. 812-13820).

³⁶ The Fund may use OTC options, together with positions in cash and money market instruments, to simulate full investment in the Underlying Index. The Fund will only enter into OTC options with counterparties that the Adviser or Sub-Adviser reasonably believes are capable of performing under the contract,

Investment Restrictions

The Fund will concentrate its investments (i.e., invest more than 25% of the value of its net assets) in securities of issuers in any one industry or group of industries only to the extent that the Underlying Index reflects a concentration in that industry or group of industries. The Fund will not otherwise concentrate its investments in securities of issuers in any one industry or group of industries. This restriction will not apply to obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities.³⁷ The Fund will be classified as a “non-diversified” investment company under the 1940 Act.³⁸

The Fund may hold up to an aggregate amount of 15% of its net assets (calculated at the time of investment) in assets deemed illiquid by the Adviser or Sub-Adviser.³⁹ The

and the Fund will post collateral as required by the counterparty and applicable regulations. The Adviser or Sub-Adviser will attempt to mitigate the Fund’s respective credit risk by transacting, where possible, with large, well-capitalized institutions using measures designed to determine the creditworthiness of the counterparty. The Adviser and/or Sub-Adviser will evaluate the creditworthiness of counterparties on a regular basis. In addition to information provided by credit agencies, the Adviser and/or Sub-Adviser will review approved counterparties using various factors, which may include the counterparty’s reputation, the Adviser’s or Sub-Adviser’s past experience with the counterparty, and the price/market actions of debt of the counterparty. The Fund may also use various techniques to minimize credit risk, including early termination or reset and payment, using different counterparties, and limiting the net amount due from any individual counterparty. However, the risk of losses to the Fund resulting from counterparty default is still possible.

³⁷ See Form N-1A, Item 9. The Commission has taken the position that a fund is concentrated if it invests more than 25% of the value of its total assets in any one industry. See, e.g., Investment Company Act Release No. 9011 (October 30, 1975), 40 FR 54241 (November 21, 1975).

³⁸ The diversification standard is set forth in Section 5(b)(1) of the 1940 Act.

³⁹ In reaching liquidity decisions, the Adviser or Sub-Adviser may consider the following factors: the frequency of trades and quotes for the security; the number of dealers wishing to purchase or sell the security and the number of other potential purchasers; dealer undertakings to make a market in the security; and the

Fund will monitor its portfolio liquidity on an ongoing basis to determine whether, in light of current circumstances, an adequate level of liquidity is being maintained, and will consider taking appropriate steps in order to maintain adequate liquidity if, through a change in values, net assets, or other circumstances, more than 15% of the Fund's net assets are held in illiquid securities or other illiquid assets.⁴⁰ Illiquid securities and other illiquid assets include those subject to contractual or other restrictions on resale and other instruments or assets that lack readily available markets as determined in accordance with Commission staff guidance.⁴¹ The Fund will not be a leveraged or inverse leveraged fund and will not use derivative instruments to enhance leverage.

The Fund may loan the equity securities in its portfolio; however, the Fund will not loan its securities if, as a result, the aggregate amount of all outstanding securities

nature of the security and the nature of the marketplace in which it trades (e.g., the time needed to dispose of the security, the method of soliciting offers and the mechanics of transfer).

⁴⁰ See Rule 22e-4(b)(1)(iv), which prohibits a fund from acquiring any illiquid investment if, immediately after the acquisition, the fund would have invested more than 15% of its net assets in illiquid investments that are assets. See Investment Company Act Release No. 32315 (Oct. 13, 2016), 81 FR 82142 (Nov. 18, 2016) (adopting Rule 22e-4 under the 1940 Act). Prior to the adoption of Rule 22e-4 in 2016, the Commission had long-standing guidelines that required open-end funds to hold no more than 15% of their net assets in illiquid securities and other illiquid assets. See Investment Company Act Release No. 28193 (March 11, 2008), 73 FR 14618 (March 18, 2008), FN 34. See also Investment Company Act Release Nos. 5847 (October 21, 1969), 35 FR 19989 (December 31, 1970) (Statement Regarding "Restricted Securities"); and 18612 (March 12, 1992), 57 FR 9828 (March 20, 1992) (Revisions of Guidelines to Form N-1A).

⁴¹ A fund's portfolio security is illiquid if it cannot be disposed of in the ordinary course of business within seven days at approximately the value ascribed to it by the fund. See Investment Company Act Release Nos. 14983 (March 12, 1986), 51 FR 9773 (March 21, 1986) (adopting amendments to Rule 2a-7 under the 1940 Act); and 17452 (April 23, 1990), 55 FR 17933 (April 30, 1990) (adopting Rule 144A under the Securities Act of 1933).

loans by the Fund exceeds 33 1/3% of the Fund's total assets (including the market value of collateral received). To the extent the Fund engages in securities lending, it will loan securities to broker-dealers that the Adviser or Sub-Adviser believes to be of relatively high credit standing pursuant to agreements that require the loans to be continuously collateralized by cash, liquid securities, or shares of other investment companies with a value at least equal to the market value of the loaned securities.

The Fund intends to qualify for, and to elect to be treated as, a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended.⁴² The Fund will invest its respective assets, and otherwise conduct its operations, in a manner that is intended to satisfy the qualifying income, diversification and distribution requirements necessary to establish and maintain RIC qualification under Subchapter M. In addition to satisfying the above referenced RIC diversification requirements, no portfolio security held by the Fund (other than U.S. government securities) will represent more than 30% of the weight of the Fund's portfolio, and the five most heavily weighted component stocks of the Fund (other than U.S. government securities) will not in the aggregate account for more than 65% of the weight of the Fund's portfolio. For these purposes, the Fund may treat repurchase agreements collateralized by U.S. government securities as U.S. government securities.

The Fund's investments will be consistent with the Fund's investment objective. The Fund does not presently intend to engage in any form of borrowing for investment purposes, and will not be operated as a "leveraged ETF" or "inverse leveraged ETF," *i.e.*, it will not be operated in a manner designed to seek a multiple or an inverse multiple of

⁴² 26 U.S.C. 851. *et seq.*

the performance of an underlying reference index.

Creation and Redemption of Shares

The Fund will issue and sell Shares only in large blocks of Shares (“Creation Units”) in transactions with Authorized Participants, as defined below. The Fund currently anticipates that a Creation Unit will consist of 50,000 Shares, though this number may change from time to time, including prior to the listing of the Fund. The exact number of Shares that will comprise a Creation Unit will be disclosed in the Fund’s Registration Statement. The Trust will issue and sell Shares of the Fund in Creation Units on a continuous basis through the Distributor or its agent, without a sales load, at a price based on the Fund’s net asset value (“NAV”) per Share next determined after receipt, on any business day.⁴³

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 of the Fund, in proper form, generally before 3:30 p.m., Eastern Time, on any business day to receive that day’s NAV. On days when the Exchange closes earlier than normal, the Fund may require orders to be placed earlier in the day.

The consideration for a purchase of a Creation Unit of the Fund generally will

⁴³ To be eligible to place orders with the Distributor or its agent to create a Creation Unit of the Fund, an entity must be: (i) a “Participating Party,” i.e., a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of the National Securities Clearing Corporation (“NSCC”) (the “Clearing Process”); or (ii) a DTC Participant (as defined below); and, in either case, must have executed an agreement with the Distributor (as it may be amended from time to time in accordance with its terms) (“Participant Agreement”). DTC Participants are participants of the Depository Trust Company (“DTC”), which acts as a securities depository for Index Fund Shares. A Participating Party and DTC Participant are collectively referred to as an “Authorized Participant.”

consist of either (i) the in-kind deposit of a designated portfolio of securities (including any portion of such securities for which cash may be substituted) (“Deposit Securities”) and a corresponding “Cash Component” (defined below), computed as described below, or the cash value of the Deposit Securities (“Deposit Cash”) and the “Cash Component,” computed as described below.⁴⁴

Together, the Deposit Securities or Deposit Cash, as applicable, and the Cash Component constitute the “Fund Deposit,” which will be applicable (subject to possible amendment or correction) to creation requests received in proper form. The Fund Deposit represents the minimum initial and subsequent investment amount for a Creation Unit. The “Cash Component” represents the difference between the NAV of the Shares (per Creation Unit) and the market value of the Deposit Securities or Deposit Cash, as applicable. The Cash Component serves the function of compensating for any difference between the NAV per Creation Unit and the market value of the Deposit Securities or Deposit Cash, as applicable.

A portfolio composition file, to be sent via the 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), containing a list of the names and the required number of shares of each Deposit Security to be included in the current Fund Deposit (based on information at the end of the previous business day). In addition, on each business day, the estimated Cash

⁴⁴ Because OTC options and certain listed options are not currently eligible for in-kind transfer, they will be substituted with an amount of cash of equal value (i.e., Deposit Cash) when the Fund processes purchases of Creation Units in-kind. When accepting purchases of Creation Units for cash, the Fund may incur additional costs associated with the acquisition of Deposit Securities that would otherwise be provided by an in-kind purchase.

Component, effective through and including the previous business day, will be made available through NSCC. Such Fund Deposit is applicable, subject to any adjustments,⁴⁵ to purchases of Creation Units of Shares of the Fund until such time as the next-announced Fund Deposit composition is made available.

Shares of the Fund may be redeemed only in Creation Units on a business day, and only by Authorized Participants at the NAV next determined after receipt of a redemption request in proper form by the Distributor or its agent. Unless cash redemptions are permitted or required for the Fund, the redemption proceeds for a Creation Unit generally will consist of a designated portfolio of securities (including any portion of such securities for which cash may be substituted) that will be applicable (subject to possible amendment or correction) to redemption requests received in proper form on that day (the “Fund Securities”), plus an amount of cash (the “Cash Amount”) equal to the difference between the NAV of the Shares being redeemed, as next determined after the receipt of a redemption request in proper form, and the value of Fund Securities, less any redemption transaction fees.⁴⁶

⁴⁵ The Fund reserves the right to permit or require the substitution of a “cash in lieu” amount to be added to the Cash Component to replace any Deposit Security that may not be available in sufficient quantity for delivery or that may not be eligible for transfer through the DTC or the Clearing Process. The Fund also reserves the right to permit or require a “cash in lieu” amount in certain circumstances, including circumstances in which the delivery of the Deposit Security 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 Fund also reserves the right to permit or require Creation Units to be issued solely in exchange for cash.

⁴⁶ Should the Fund Securities have a value greater than the NAV of the Shares being redeemed, a compensating cash payment to the Trust equal to the differential plus the applicable redemption transaction fee will be required to be arranged for, by or on behalf of, the redeeming shareholder.

The Custodian will make available through the NSCC, prior to the opening of business on the Exchange on each business day, the Fund Securities and corresponding Cash Amount (each being subject to possible amendment or correction) that will be applicable to redemptions requests received in proper form on that day. The Fund reserves the right to honor a redemption request by delivering a basket of securities or cash that differs from the Fund Securities.⁴⁷

Orders to redeem Creation Units of the 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 the 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 3:30 p.m. Eastern Time on such transmittal date; (ii) such order is preceded or accompanied by the requisite number of Shares of Creation Units specified in such order, which delivery must be made through DTC to the Distributor no later than 11:00 a.m. Eastern Time, on such transmittal date (the “DTC Cut-Off-Time”); 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

⁴⁷ The Fund reserves the right to distribute cash as some or all of the payment for Creation Units being redeemed. The Adviser represents that, to the extent that the Trust permits or requires a “cash in lieu” amount, such transactions will be effected in the same or equitable manner for all Authorized Participants.

delivered within two business days and the Cash Amount to the redeeming beneficial owner by the second business day following the transmittal date on which such redemption order is deemed received.

Availability of Information

The Trust's website (www.invesco.com), which will be publicly available prior to the public offering of Shares, will include a form of the prospectus for the Fund that may be downloaded. The website will include additional quantitative information updated on a daily basis, including, for the Fund: (1) the prior business day's reported NAV, mid-point of the bid/ask spread at the time of calculation of such NAV (the "Bid/Ask Price"),⁴⁸ daily trading volume, and a calculation of the premium and discount of the Bid/Ask Price against the NAV; and (2) data in chart format displaying the frequency distribution of discounts and premiums of the daily Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters. Daily trading volume information for the Fund will also be available in the financial section of newspapers, through subscription services such as Bloomberg, Thomson Reuters, and International Data Corporation, which can be accessed by authorized participants and other investors, as well as through other electronic services, including major public websites.

On each business day, before commencement of trading in Shares during the

⁴⁸ The Bid/Ask Price of the Fund will be determined using the mid-point of the highest bid and the lowest offer on the Exchange as of the time of calculation of the Fund's NAV. The records relating to Bid/Ask Prices will be retained by the Fund and its service providers.

Regular Trading Hours⁴⁹ on the Exchange, the Fund will disclose on its website the identities and quantities of the portfolio of securities and other assets in the daily disclosed portfolio held by the Fund (the “Disclosed Portfolio”) that will form the basis for the Fund’s calculation of NAV at the end of the business day.⁵⁰ The Disclosed Portfolio will include the following information regarding each portfolio holding, as applicable to the type of holding: ticker symbol, CUSIP number or other identifier, if any; a description of the holding (including the type of holding); the identity of the security, index or other asset or instrument underlying the holding, if any; for options, the option strike price; quantity held (as measured by, for example, par value, notional value or number of shares, contracts or units); maturity date, if any; coupon rate, if any; effective date, if any; market value of the holding; and the percentage weighting of the holding in the Fund’s portfolio. The website and information will be publicly available at no charge. The value of the Underlying Index will be calculated and widely disseminated at least once every 15 seconds during Regular Trading Hours and will be available from major market data vendors, provided however, that with respect to the fixed income components of the Underlying Index, the impact on the Underlying Index will be updated and widely disseminated at least once daily.

In addition, for the Fund, an estimated value, defined in BZX Rule 14.11(c)(6)(A)

⁴⁹ Regular Trading Hours are 9:30 a.m. to 4:00 p.m. Eastern Time.

⁵⁰ Under accounting procedures to be followed by the Fund, trades made on the prior business day (“T”) will be booked and reflected in NAV on the current business day (“T+1”). Notwithstanding the foregoing, portfolio trades that are executed prior to the opening of the Exchange on any business day may be booked and reflected in NAV on such business day. Accordingly, the Fund will be able to disclose at the beginning of the business day the portfolio that will form the basis for the NAV calculation at the end of the business day.

as the “Intraday Indicative Value,” that reflects an estimated intraday value of the Fund’s portfolio, will be disseminated. Moreover, the Intraday Indicative Value will be based upon the current value for the components of the Disclosed Portfolio and will be updated and widely disseminated by one or more major market data vendors and broadly displayed at least every 15 seconds during the Exchange’s Regular Trading Hours.⁵¹ In addition, the quotations of certain of the Fund’s holdings may not be updated if updated prices cannot be ascertained.

The dissemination of the Intraday Indicative Value, together with the Disclosed Portfolio, will allow investors to determine the value of the underlying portfolio of the Fund on a daily basis and will provide a close estimate of that value throughout Regular Trading Hours.

Intraday, closing, and settlement prices of common stocks and other exchange-listed instruments will be readily available from the exchanges trading such securities as well as automated quotation systems, published or other public sources, or online information services such as Bloomberg or Reuters. In addition, price information for U.S. exchange-traded options will be available from the Options Price Reporting Authority. Quotation information from brokers and dealers or pricing services will be available for U.S. government obligations, high quality securities issued or guaranteed by the U.S. government (in addition to Treasury bills) and non-U.S. governments, and each of their agencies and instrumentalities, money market instruments, convertible securities, structured notes, non-exchange-listed securities of other investment companies, and OTC

⁵¹ Currently, it is the Exchange’s understanding that several major market data vendors display and/or make widely available Intraday Indicative Values published via the Consolidated Tape Association (“CTA”) or other data feeds.

options.

Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services. Information regarding the previous day's closing price and trading volume for the Shares will be published daily in the financial section of newspapers. Quotation and last sale information for the Shares will be on the facilities of the CTA.

Initial and Continued Listing

The Shares of the Fund will conform to the initial and continued listing criteria under BZX Rule 14.11(c), including Rule 14.11(c)(5), other than the portion of the Fund that consists of options. The Exchange represents that, for initial and/or continued listing, the Fund and the Trust must be in compliance with Rule 10A-3⁵² under the Act. A minimum of 100,000 Shares of the Fund will be outstanding at the commencement of trading on the Exchange. The Exchange will obtain a representation from the issuer of the Shares that the NAV per Share for the Fund will be calculated daily and will be made available to all market participants at the same time.

Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Fund. The Exchange will halt trading in the Shares under the conditions specified in BZX Rule 11.18. Trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1)

⁵² See 17 CFR 240.10A-3.

the extent to which trading is not occurring in the securities and/or the financial instruments constituting the Disclosed Portfolio of the Fund; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. Trading in the Shares also will be subject to Rule 14.11(c)(1)(B)(iv), which sets forth circumstances under which Shares of the Fund may be halted. Further, trading in the Shares will be halted if an interruption to the dissemination of either of the Intraday Indicative Value or the value of the Underlying Index persists past the trading day in which it occurred. The Exchange retains discretion to halt trading during the day in which the interruption to the dissemination of the Intraday Indicative Value or value of the Underlying Index occurs.

Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. The Exchange will allow trading in the Shares from 8:00 a.m. until 5:00 p.m. Eastern Time and has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in BZX Rule 11.11(a), the minimum price variation for quoting and entry of orders in securities traded on the Exchange is \$0.01, with the exception of securities that are priced less than \$1.00, for which the minimum price variation for order entry is \$0.0001.

Surveillance

The Exchange believes that its surveillance procedures are adequate to properly monitor the trading of the Shares 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 Shares through the Exchange will be subject to the Exchange's surveillance procedures for derivative products, including Index Fund Shares. The issuer has represented to the Exchange that it will advise the Exchange of any failure by the Fund to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will surveil for compliance with the continued listing requirements. If the Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under BZX Rule 14.12. All exchange-listed options and equities (including certain investment company securities such as ETFs) held by the Fund will be traded on U.S. exchanges, all of which are members of ISG or are exchanges with which the Exchange has in place a comprehensive surveillance sharing agreement. The Exchange may obtain information regarding trading in the Shares and other exchange-traded securities and instruments held by the 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.⁵³ The Exchange prohibits the distribution of material non-public information by its employees.

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

⁵³ For a list of the current members of ISG, see www.isgportal.org. 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.

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 and the Underlying Index is disseminated; (4) the risks involved in trading the Shares during the Pre-Opening⁵⁴ and After Hours Trading Sessions⁵⁵ when an updated Intraday Indicative Value and Underlying Index 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 Fund. Members purchasing Shares from the 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.

In addition, the Information Circular will reference that the Fund is subject to various fees and expenses described in the Registration Statement. The Information Circular will also disclose the trading hours of the Shares of the Fund and the applicable NAV calculation time for the Shares. The Information Circular will disclose that information about the Shares of the Fund will be publicly available on the Fund's website. In addition, the Information Circular will reference that the Fund is subject to

⁵⁴ The Pre-Opening Session is from 8:00 a.m. to 9:30 a.m. Eastern Time.

⁵⁵ The After Hours Trading Session is from 4:00 p.m. to 5:00 p.m. Eastern Time.

various fees and expenses described in the Fund's Registration Statement.

(b) Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act⁵⁶ in general and Section 6(b)(5) of the Act⁵⁷ 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.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed and traded on the Exchange pursuant to the listing criteria in BZX Rule 14.11(c), except that the Underlying Index will consist in part of written put options, which are based on U.S. Component Stocks, rather than completely on U.S. Component Stocks themselves. The Exchange believes that its surveillances, which generally focus on detecting securities trading outside of their normal patterns which could be indicative of manipulative or other violative activity, and associated surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws. The Exchange will communicate as needed regarding trading in the Shares with other markets or other entities that are members of the Intermarket Surveillance group ("ISG"), and

⁵⁶ 15 U.S.C. 78f.

⁵⁷ 15 U.S.C. 78f(b)(5).

may obtain trading information regarding trading in the Shares from such markets or entities. In addition, the Exchange may obtain information regarding trading in the Shares and other exchange-traded securities and instruments held by the Fund from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

The Calculation Agent has implemented and will maintain procedures designed to prevent the use and dissemination of material, non-public information regarding the Underlying Index. The Adviser and the Sub-Adviser are affiliated with a broker-dealer and have implemented, and will maintain, a fire wall with respect to its broker-dealer affiliate regarding access to information concerning the composition and/or changes to the Fund's portfolio.

Under normal market conditions, not less than 90% of the Fund's total assets will be comprised of common stocks, put options, and Treasury bills (serving as collateral for written put options), although the Fund may also invest in, among other assets, U.S. government and money market instruments. The Fund may hold up to an aggregate amount of 15% of its net assets in illiquid assets (calculated at the time of investment), consistent with Commission guidance. The Fund will not be a leveraged or inverse leveraged fund and will not use derivative instruments to enhance leverage.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that a large amount of information will be publicly available regarding the Fund and the Shares, thereby promoting market transparency. The Fund's portfolio holdings will be disclosed on the Fund's website daily after the close of trading on the Exchange and prior to the opening of trading on the

Exchange the following day.

Moreover, the Intraday Indicative Value will be widely disseminated by one or more major market data vendors at least every 15 seconds during Regular Trading Hours. The current value of the Underlying Index will be calculated and disseminated at least once every 15 seconds during regular market session and will be available from major market data vendors, provided however, that with respect to the fixed income components of the index, such value will be calculated and disseminated at least once daily. Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services, and quotation and last sale information will be available via the CTA high-speed line. Quotation and last sale information for U.S. exchange-listed options contracts cleared by The Options Clearing Corporation will be available via the Options Price Reporting Authority. Intraday, closing, and settlement prices of common stocks and other exchange-listed instruments will be readily available from the exchanges trading such securities as well as automated quotation systems, published or other public sources, or online information services such as Bloomberg or Reuters. In addition, price information for U.S. exchange-traded options will be available from the Options Price Reporting Authority. Quotation information from brokers and dealers or pricing services will be available for U.S. government obligations, high quality securities issued or guaranteed by the U.S. government (in addition to Treasury bills) and non-U.S. governments, and each of their agencies and instrumentalities, money market instruments, convertible securities, structured notes, non-exchange-listed securities of other investment companies, and OTC options.

The website for the Fund will include the prospectus for the Fund and additional data relating to NAV and other applicable quantitative information. Moreover, 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. If the Exchange becomes aware that the NAV is not being disseminated to all market participants at the same time, it will halt trading in the Shares until such time as the NAV is available to all market participants. With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Fund. Trading also may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) the extent to which trading is not occurring in the securities and/or the financial instruments composing the daily disclosed portfolio of the Fund; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. Trading in the Shares also will be subject to Rule 14.11(c)(1)(B)(iv), which sets forth circumstances under which Shares of the Fund may be halted. Further, trading in the Shares will be halted if an interruption to the dissemination of either of the Intraday Indicative Value or the value of the Underlying Index persists past the trading day in which it occurred. The Exchange retains discretion to halt trading during the day in which the interruption to the dissemination of the Intraday Indicative Value or value of the Underlying Index occurs.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of an additional type of exchange-traded product that will enhance

competition among market participants, to the benefit of investors and the marketplace.

As noted above, the Exchange has in place surveillance procedures relating to trading in the Shares and may obtain information in the Shares and other exchange-traded securities and instruments held by the Fund via ISG, from other exchanges that are members of ISG, or with which the Exchange has entered into a comprehensive surveillance sharing agreement. In addition, investors will have ready access to information regarding the Intraday Indicative Value and quotation and last sale information for the Shares.

For the above reasons, the Exchange believes 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 purposes of the Act. The Exchange notes that the proposed rule change will facilitate the listing and trading of an additional type of exchange-traded product that will enhance competition among market participants, to the benefit of investors and the marketplace.

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 Rules 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-2017-011 Amendment No. 1)

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing of a Proposed Rule Change to List and Trade Under BZX Rule 14.11(c)(5) the Common Shares of Beneficial Interest of the PowerShares Income Builder Portfolio, a Series of PowerShares Exchange-Traded Fund Trust II

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on _____, 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 and trade under BZX Rule 14.11(c)(5) the common shares of beneficial interest of the PowerShares Income Builder Portfolio (the “Fund”), a series of PowerShares Exchange-Traded Fund Trust II (the “Trust”).

The text of the proposed rule change is available at the Exchange’s website at 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

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

1. Purpose

This Amendment No. 1 to SR-CboeBZX-2017-011 amends and replaces in its entirety the proposal as originally submitted on December 1, 2017. The Exchange submits this Amendment No. 1 in order to clarify certain points and add additional details about the Fund.

The Exchange proposes to list and trade the Shares of the Fund under BZX Rule 14.11(c)(5),³ which governs the listing and trading of Index Fund Shares based on equity and fixed income securities indexes.⁴ The Shares will be offered by the Fund, which will be a passively managed index-based exchange-traded fund ("ETF"). The Fund is a series of the Trust, which was established as a Massachusetts business trust on October 10, 2006. The Trust is registered with the Commission as an open-end management

³ The Commission approved BZX Rule 14.11(c) in Securities Exchange Act Release No. 65225 (August 30, 2011), 76 FR 55148 (September 6, 2011) (SR-BATS-2011-018).

⁴ BZX Rule 14.11(c)(1)(A)(i) provides that an Index Fund Share is a security that is issued by an open-end management investment company based on a portfolio of stocks or fixed income securities or a combination thereof, that seeks to provide investment results that correspond generally to the price and yield performance or total return performance of a specified foreign or domestic stock index, fixed income securities index or combination thereof.

investment company and has filed a post-effective amendment to its registration statement on Form N-1A (the “Registration Statement”) with the Commission to register the Fund and its Shares under the Investment Company Act of 1940 (“1940 Act”) and the Securities Act of 1933.⁵

Invesco PowerShares Capital Management LLC will be the investment adviser (the “Adviser”) to the Fund. Invesco Advisers, Inc. will be the investment sub-adviser (the “Sub-Adviser”) to the Fund.⁶ The Adviser and the Sub-Adviser are affiliated with a broker-dealer and have implemented, and will maintain, a fire wall with respect to the broker-dealer affiliate regarding access to information concerning the composition and/or changes to the Fund’s portfolio. In addition, Adviser and Sub-Adviser personnel who

⁵ See Registration Statement on Form N-1A for the Trust, filed on July 31, 2017 (File Nos. 333-138490 and 811-21977). The descriptions of the Fund and the Shares contained herein are based, in part, on information in the Registration Statement. In addition, the Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act. See Investment Company Act Release No. 27841 (May 25, 2007) (File No. 812-13335) (“Exemptive Order”).

⁶ 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.

make decisions regarding the 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 or Sub-Adviser becomes registered as a broker-dealer or newly affiliated with another 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.

Invesco Distributors, Inc. will be the distributor (the "Distributor") of the Shares. The Bank of New York Mellon (the "Custodian") will act as the custodian, administrator, accounting agent and transfer agent for the Fund.

As discussed in more detail below, the Fund's investment objective is to seek to track the investment results (before fees and expenses) of the Goldman Sachs Bond Buyers Equity Basket Index (the "Underlying Index"). The Underlying Index is designed to measure the performance of a hypothetical portfolio of common equity stocks with an overlay of fully-collateralized written put options on those stocks.

The Underlying Index was developed by Goldman, Sachs & Co. ("Goldman Sachs"). Solactive AG (the "Calculation Agent") maintains, calculates, and publishes the value of the Underlying Index on each business day. The Calculation Agent is not registered as an investment adviser or broker-dealer and is not affiliated with any broker-dealers. The Calculation Agent has also implemented and will maintain procedures designed to prevent the use and dissemination of material, non-public information

regarding the Underlying Index as required under Rule 14.11(c)(5)(A)(iii). None of the Trust, the Adviser, the Sub-Adviser, the Custodian or the Distributor is affiliated with Goldman Sachs, the Calculation Agent or their respective affiliates.

The Exchange is submitting this proposed rule change because the Underlying Index for the Fund does not meet the listing requirements of Rule 14.11(c)(5) applicable to an index that consists of both equity securities (and with respect to this Underlying Index, U.S. Component Stocks)⁷ and Fixed Income Securities,⁸ which requires that the equity and fixed income component securities separately meet the criteria set forth in Rules 14.11(c)(3) and (4), respectively, because the Underlying Index consists partially of put options. The Fixed Income Security component of the Underlying Index, which consists of only Treasury bills, meets the “generic” listing requirements of Rule 14.11(c)(4).

All statements and representations made in this filing regarding the Underlying Index composition, the description of the portfolio or reference assets, limitations on portfolio holdings or reference assets, dissemination and availability of the Underlying Index, reference asset, and intraday indicative values, and the applicability of Exchange rules specified in this filing shall constitute continued listing requirements for the Shares.

⁷ 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.

⁸ As defined in Rule 14.11(c)(4), the term “Fixed Income Security” shall mean debt securities that are notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, U.S. Department of Treasury securities (“Treasury Securities”), government-sponsored entity securities (“GSE Securities”), municipal securities, trust preferred securities, supranational debt and debt of a foreign country or subdivision thereof.

Index Methodology

The Underlying Index is composed of a Stock Component (represented by 100 U.S. exchange-listed common stocks of large capitalization that have listed options traded on a U.S. exchange), the Options Strategy, and Collateral (represented by Treasury bills) intended to fully-collateralize the Options Strategy. The selection of common stocks for the Stock Component, the selection of strike prices of the fully-collateralized put options for the Options Strategy, and the asset allocation between the Stock Component and Collateral are determined pursuant to the Underlying Index's methodology, as described more fully below.

According to the Registration Statement, the Underlying Index is designed to obtain yield from three sources: (1) the dividends and returns on the common stocks in the Stock Component, (2) the premiums received from the put options sold via the Options Strategy,⁹ and (3) the yield from Treasury bills serving as Collateral.¹⁰

⁹ As described above, a put option seller will incur a loss if the put option expires in-the-money at the expiration date or if the in-the-money put option is exercised by the option holder and, in each case, the in-the-money amount is greater than the purchase price of the put option (the "premium") collected by the put option seller. A put option seller will recognize a realized gain if the put option expires "out of the money" (i.e., the underlying stock price is below the put option strike price).

¹⁰ The amount of the premiums received from selling options largely involves the level of implied volatility of the underlying reference security: the measurement of how much the market price of the underlying reference security historically varied from day to day over a specific period of time. The higher the implied volatility, the more likely the underlying reference security will experience large price changes. Another factor bearing on the put option premium is the time value of the options. The more time that remains until the expiration date of the option, the greater the amount of time that an option trade has to become profitable due to a favorable move in the underlying reference security. As a result, investors are willing to pay a higher premium for more time until the expiration date of an option (and conversely, as the expiration date of an option

The constituents in the Stock Component are selected in accordance with Goldman Sachs' rules-based methodology, as described herein. The Underlying Index is designed to identify common stocks of companies with relatively low volatility, issued by companies with relatively strong financial conditions (as measured by a company's "free cash flow" ("FCF")). Companies with high FCF have a lower probability of entering distress and/or higher probability of paying consistent dividends.¹¹

From an investible universe consisting of common stocks (which excludes American depositary receipts and ETFs) that have listed options traded on a U.S. stock exchange, the Underlying Index identifies the 800 largest stocks (based on the issuer's capitalization) and applies two screens: (1) the first screen eliminates the 25% of those 800 stocks (that is, 200 stocks) with the least liquidity,¹² and (2) the second screen eliminates the 25% of the remaining 600 stocks (that is, 150 stocks) whose listed options have the lowest liquidity as judged by their "notional volume."¹³ Next, the Underlying Index screens each of the remaining 450 eligible securities based on its current five-year

approaches, the market price of the option decreases, and down to zero if the option remains out-of-the-money on the expiration date of the option).

¹¹ In general, free cash flow is the money a company generates after accounting for daily operations or capital expenditures. Typically, a high or growing FCF indicates that a company has strong financial health (e.g., higher margins, lower interest expense and/or more limited need for cash to maintain ongoing operations), is consistently de-leveraging and/or has the ability to return cash to shareholders through dividends or share buybacks.

¹² According to the Registration Statement, a stock's liquidity is measured by its one-year average daily trading dollar volume (with greater volume representing greater liquidity).

¹³ According to the Registration Statement, a stock's notional volume is the one-year average notional value of all options traded on that stock.

credit default swap (“CDS”) spread.¹⁴ A security is eliminated from eligibility if it has a 5-year CDS spread greater than 150 basis points annually.¹⁵

The Underlying Index calculates the following information for each remaining eligible security: (1) the security’s latest available FCF yield¹⁶ (or change in book value (“BV”)¹⁷ for certain stocks, depending on the sector of the stock issuer¹⁸) for its most

¹⁴ Generally, a CDS contract is a financial swap agreement wherein the seller of the swap will compensate the buyer should a credit event occur – such as a failure to pay interest or principle on a credit obligation, restructuring or default. A CDS generally operates as a form of insurance to the buyer against the risk of a bond. The buyer of the swap makes a series of payments (often called the “spread” or “premiums”) to the seller up until the maturity date or execution of a contract. In return, the seller agrees that, should the credit event occur, the seller will pay the buyer the face value of a bond in exchange for physical delivery of an applicable bond of the entity.

¹⁵ The “spread” of a CDS contract is the annual amount the protection buyer must pay the seller over the length of the contract, expressed as a percentage of the notional amount. For example, if the CDS has a spread of 200 basis points, or 2.0%, then an investor buying \$1 million worth of protection from the seller must pay \$20,000 annually. Such payments usually continue until either the CDS contract expires or a credit event occurs. In general, the higher the spread, the more likely that the marketplace believes the credit event will occur. Consequently, stocks with greater volatility (and greater likelihood of experiencing a significant decline in value) generally will have CDS contracts with a higher spread.

¹⁶ FCF yield is calculated by dividing a company’s FCF per share by the company’s current market price per share. FCF yield typically is expressed as a percentage; the greater the number, the greater amount of FCF (relative to its market capitalization) that a company generates annually.

¹⁷ The BV of a company is the total value of that company (measured as the difference between the company’s total assets and total liabilities). The change in BV (as a percent of market capitalization) for a stock is a measure of how the issuer’s BV changed over the past year relative to the company’s latest market value of equity.

¹⁸ The Underlying Index will include stocks from issuers located in each of 9 market sectors (Information Technology, Healthcare, Consumer Services, Consumer Products, Industrials, Financials and Real Estate Investment Trusts, Utilities, Materials and Energy). Stocks issued by companies in the Financials and Real

recently completed fiscal year (“FY0”);¹⁹ and (2) the security’s estimated FCF yield, calculated by estimating the growth in earnings per share for its upcoming fiscal year (“FY1”).²⁰ Next, each security’s “implied volatility”²¹ over the next 12 months is estimated using publicly available options prices.²²

The Underlying Index then adjusts each remaining eligible stock’s FCF yield based on its implied volatility by dividing each stock’s actual FCF yield in FY0 and estimated FCF yield in FY1 by its implied volatility. The result produces two values for each eligible stock: a “volatility-adjusted” FCF yield for FY0 and a volatility-adjusted FCF yield for FY1. It then averages the two results from FY0 and FY1 to establish each security’s “average volatility adjusted FCF yield.” The 100 stocks with the highest

Estate Investment Trusts sector will use BV, while stocks issued by companies in the other 8 market sectors will use FCF yield. References herein to FCF yield are intended to include BV, as applicable, for securities in the Financials and Real Estate Investment Trusts sector.

¹⁹ Securities with a FCF yield that is less than or equal to zero in FY0 are eliminated from eligibility.

²⁰ A stock’s estimated growth in earnings from its most recently completed fiscal year to its next upcoming fiscal year is calculated using analysts’ publically available consensus.

²¹ Implied volatility is a way of estimating the future fluctuations in the price of a security based on options prices. Implied volatility represents the marketplace’s views about what the volatility of a stock should be in the future (i.e., high implied volatility means the marketplace expects a security to have large price swings, while low implied volatility means that the marketplace expects the price generally will have smaller movements).

²² A stock’s implied volatility typically is a key driver in the pricing of put options on the stock. Options tend to have higher premiums when the underlying stock has high levels of implied volatility. This is because a greater possibility of wider fluctuations in the price of an underlying stock creates a greater likelihood that the stock’s price will drop below the option’s strike price, resulting in a loss to the seller. By taking greater risk, the put option seller accordingly receives greater premiums.

average FCF yield, after adjusting for volatility, are included in the Underlying Index, subject to minimum and maximum sector weighting requirements. Stocks with lower implied volatility receive greater weighting in the Underlying Index.²³

After establishing the Stock Component, the Underlying Index's methodology determines the Options Strategy. The Options Strategy writes or sells put options on the 100 stocks included in the Stock Component. Those put options are standardized options listed and traded on U.S. exchanges and will have terms of at least six but no more than 18 months as of each quarterly rebalance date (described below).

The strike price for each put option will be selected, in accordance with the Underlying Index's methodology, at an amount that will generate a premium that (when annualized) is as close as possible to the expected return of the underlying stock.²⁴ The put options related to the Options Strategy will have expirations between six and 18 months. All put options in the Underlying Index are fully collateralized with Treasury bills in an amount equal to the outstanding notional value of the put options. The Collateral may also include the premiums collected on the put options.

According to the Registration Statement, at any given time, depending on market conditions, the Underlying Index's assets are allocated between the Stock Component

²³ According to the Registration Statement, the Underlying Index's methodology requires that each of the 9 market sectors have a maximum of 25 stocks included in the Stock Component. The Underlying Index targets a minimum of two stocks from each sector; however, if there are not two stocks in a sector that pass the liquidity and CDS screen, then it is possible to have no stocks from that sector.

²⁴ Like free cash flow, the annualized premium is expressed as a percentage. For example, the Underlying Index will not sell puts that derive premiums in an amount (when annualized) that is less than 2% of the underlying stock's FCF yield, calculated in the manner described above.

and the Collateral to generate income.²⁵ According to the Registration Statement, the allocation depends on the amount of FCF yield or dividend yield from the Stock Component: during periods when the stocks' FCF yield is high (leading to a lower proportion of puts written) and dividend yield is high (leading to a lower proportion of puts written), a greater percentage of the Underlying Index's assets will be allocated to the Stock Component. Conversely, when the FCF yield and dividend yield of such stocks are low, a greater percentage of the Underlying Index's assets will be allocated to Treasury bills collateralizing the Options Strategy.²⁶

The Underlying Index is rebalanced quarterly in March, June, September and December, typically on the Friday before the third Saturday of the month (the "rebalance date"). The 100 common stocks to be included in the Stock Component are made available one week prior to the rebalance date. The put option strike prices and weights of the Underlying Index's components will be made available prior to the end of the business day on the rebalance date.

As noted above, the Underlying Index will consist of a mixture of (1) 100 U.S. exchange-listed common stocks of large capitalization that have listed options traded on a

²⁵ There is no limit to how much or how little the Underlying Index may allocate to the Stock Component (i.e., at any given time, the portion of the Underlying Index's assets allocated to the Stock Component may be anywhere from 0% to 100%).

²⁶ When companies have low FCF yield, there is elevated risk associated with owning their stock. Therefore, the Underlying Index rebalances to reduce exposure to the Stock Component (where investors have potential losses equal to the stock price) and increases exposure to the Treasury bills collateralizing the Options Strategy (where investors have potential losses equal to the stock price minus the Treasury bill yield and the premiums collected).

U.S. exchange (the “Stock Component”), (2) put options²⁷ that are sold (or “written”) on those same 100 stocks that comprise the Stock Component (the “Options Strategy”), and (3) Treasury bills (the “Collateral”), which are intended to collateralize the Options Strategy.

Description of the Fund

Under normal market conditions,²⁸ the Fund will seek to achieve its investment objective by generally investing at least 90% of its total assets in the components of the

²⁷ A put option is an option contract giving the contract holder (or “option holder”) the right, but not the obligation, to sell a specified amount of an underlying stock, typically 100 shares per contract, at a predetermined, specified price (the “strike price”) at any time within a specified time (the “expiration date”). If the option holder exercise that right, the seller (or “writer”) of the put option must transfer to the option holder an amount equal to the product of the strike price and the total number of shares relating to such exercised put options. In exchange for such payment by the seller to the option holder, the option holder will transfer to the seller shares of the underlying stock equal to the total number of shares relating to such exercised put options. Put option sellers risk losses if the price of a stock drops below the strike price (a situation when the option is referred to as “in-the-money”). An option holder will have an unrealized gain if the written put option purchased by the option holder has appreciated in an amount greater than the purchase price of each such put option purchased by the option holder. The option holder may recognize a realized gain on a put option by exercising the put option and then selling the shares or by selling the put option (e.g., closing out the option transaction with by selling the put options). As an example of the gain by an option holder related to an “in-the-money” put option, if a put option has a strike price of \$50 per share and at the time the underlying stock price is \$40 per share, the option holder will have a gross realized gain of \$10 per share. The option holder’s realized gain for such transaction would be equal to the \$10 per share less the put option purchase price per share paid by the option holder to acquire the put options).

²⁸ The term “normal market conditions” includes, but is not limited to, the absence of trading halts in the applicable financial markets generally; operational issues causing dissemination of inaccurate market information or system failures; or force majeure type events such as natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption, or any similar intervening circumstance.

Underlying Index.²⁹ The Fund will use an “indexing” investment approach to seek to achieve its investment objective. The Adviser will seek a correlation over time of 0.95 or better between the Fund’s performance and the performance of the Underlying Index; a figure of 1.00 would represent perfect correlation.³⁰ The Fund generally will employ a “full replication” methodology, meaning that generally it will seek to invest in all of the components of the Underlying Index (i.e., all of the stocks in the Stock Component, the Options Strategy, and the Collateral for the put options) in proportion to their weightings in the Underlying Index. However, under various circumstances, it may not be possible or practicable for the Fund to purchase all of the components of the Underlying Index in the same weightings as the Underlying Index. In those circumstances, the Fund may purchase a representative sample of securities in the Underlying Index in pursuing its investment objective.³¹

²⁹ The Fund will operate as an index fund and will not be actively managed. Therefore, the Fund will not adopt temporary defensive strategies. It will continue to invest at least 90% of its assets in the components of the Underlying Index, in accordance with the terms of its Exemptive Order, even during unusual market conditions, including extreme volatility or trading halts in the financial markets generally.

³⁰ Another means of evaluating the relationship between the returns of the Fund and the Underlying Index is to assess the “tracking error” between the two. Tracking error means the variation between the Fund’s annual return and the return of the Underlying Index, expressed in terms of standard deviation. The Fund seeks to have a tracking error of less than 5%, measured on a monthly basis over a one-year period by taking the standard deviation of the difference in the Fund’s returns versus the Underlying Index’s returns.

³¹ A “sampling” methodology means that the Adviser (or Sub-Adviser) will use a quantitative analysis to select component securities of the Underlying Index for the Fund’s portfolio that are a representative sample of securities that have, in the aggregate, investment characteristics similar to the Underlying Index in terms of key risk factors, performance attributes and other characteristics. These include industry weightings, market capitalization, return variability, earnings valuation,

Other Investments

After investing at least 90% of its total assets in components of the Underlying Index, the Fund may invest up to 10% of its total assets in the following: (i) exchange-traded U.S. equity securities not included in the Underlying Index, but which the Adviser or Sub-Adviser believes will help the Fund to track the Underlying Index;³² (ii) high quality securities issued or guaranteed by the U.S. government (in addition to Treasury bills) and non-U.S. governments, and each of their agencies and instrumentalities; (iii) money market instruments, including repurchase agreements or other funds which invest exclusively in money market instruments (subject to applicable limitations under the 1940 Act, or exemptions therefrom);³³ (iv) convertible securities; (v) structured notes;³⁴ (vi) securities of other investment companies (including affiliated and unaffiliated funds, such as open-end or closed-end management investment companies, and other ETFs)

yield and other financial characteristics of securities. When employing a sampling methodology, the Adviser (or Sub-Adviser) bases the quantity of holdings in the Fund on a number of factors, including asset size of the Fund, and generally expects the Fund to hold less than the total number of securities in the Underlying Index. However, the Adviser (or Sub-Adviser) reserves the right to invest the Fund in as many securities as it believes necessary to achieve the Fund's investment objective.

³² For example, there may be instances in which the Adviser or Sub-Adviser may choose to purchase or sell securities not in the Underlying Index which the Adviser or Sub-Adviser believes are appropriate to substitute for one or more Underlying Index components in seeking to replicate, before fees and expenses, the performance of the Underlying Index.

³³ The Fund may invest in repurchase agreements with commercial banks, brokers or dealers to generate income from its excess cash balances and to invest securities lending cash collateral.

³⁴ Structured notes are derivative securities for which the amount of principal repayment and/or interest payments is based on the movement of one or more factors, including but not limited to, currency exchange rates, interest rates (such as the prime lending rate or LIBOR), referenced bonds and stock indices.

beyond the limits permitted under the 1940 Act, subject to certain terms and conditions set forth in a Commission exemptive order issued to the Trust pursuant to Section 12(d)(1)(J) of the 1940 Act;³⁵ and (vii) OTC options.³⁶

Investment Restrictions

The Fund will concentrate its investments (i.e., invest more than 25% of the value of its net assets) in securities of issuers in any one industry or group of industries only to the extent that the Underlying Index reflects a concentration in that industry or group of industries. The Fund will not otherwise concentrate its investments in securities of issuers in any one industry or group of industries. This restriction will not apply to obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities.³⁷ The

³⁵ See Investment Company Act Release No. 30238 (October 23, 2012) (File No. 812-13820).

³⁶ The Fund may use OTC options, together with positions in cash and money market instruments, to simulate full investment in the Underlying Index. The Fund will only enter into OTC options with counterparties that the Adviser or Sub-Adviser reasonably believes are capable of performing under the contract, and the Fund will post collateral as required by the counterparty and applicable regulations. The Adviser or Sub-Adviser will attempt to mitigate the Fund's respective credit risk by transacting, where possible, with large, well-capitalized institutions using measures designed to determine the creditworthiness of the counterparty. The Adviser and/or Sub-Adviser will evaluate the creditworthiness of counterparties on a regular basis. In addition to information provided by credit agencies, the Adviser and/or Sub-Adviser will review approved counterparties using various factors, which may include the counterparty's reputation, the Adviser's or Sub-Adviser's past experience with the counterparty, and the price/market actions of debt of the counterparty. The Fund may also use various techniques to minimize credit risk, including early termination or reset and payment, using different counterparties, and limiting the net amount due from any individual counterparty. However, the risk of losses to the Fund resulting from counterparty default is still possible.

³⁷ See Form N-1A, Item 9. The Commission has taken the position that a fund is concentrated if it invests more than 25% of the value of its total assets in any one

Fund will be classified as a “non-diversified” investment company under the 1940 Act.³⁸

The Fund may hold up to an aggregate amount of 15% of its net assets (calculated at the time of investment) in assets deemed illiquid by the Adviser or Sub-Adviser.³⁹ The Fund will monitor its portfolio liquidity on an ongoing basis to determine whether, in light of current circumstances, an adequate level of liquidity is being maintained, and will consider taking appropriate steps in order to maintain adequate liquidity if, through a change in values, net assets, or other circumstances, more than 15% of the Fund’s net assets are held in illiquid securities or other illiquid assets.⁴⁰ Illiquid securities and other illiquid assets include those subject to contractual or other restrictions on resale and other instruments or assets that lack readily available markets as determined in accordance with

industry. See, e.g., Investment Company Act Release No. 9011 (October 30, 1975), 40 FR 54241 (November 21, 1975).

³⁸ The diversification standard is set forth in Section 5(b)(1) of the 1940 Act.

³⁹ In reaching liquidity decisions, the Adviser or Sub-Adviser may consider the following factors: the frequency of trades and quotes for the security; the number of dealers wishing to purchase or sell the security and the number of other potential purchasers; dealer undertakings to make a market in the security; and the nature of the security and the nature of the marketplace in which it trades (e.g., the time needed to dispose of the security, the method of soliciting offers and the mechanics of transfer).

⁴⁰ See Rule 22e-4(b)(1)(iv), which prohibits a fund from acquiring any illiquid investment if, immediately after the acquisition, the fund would have invested more than 15% of its net assets in illiquid investments that are assets. See Investment Company Act Release No. 32315 (Oct. 13, 2016), 81 FR 82142 (Nov. 18, 2016) (adopting Rule 22e-4 under the 1940 Act). Prior to the adoption of Rule 22e-4 in 2016, the Commission had long-standing guidelines that required open-end funds to hold no more than 15% of their net assets in illiquid securities and other illiquid assets. See Investment Company Act Release No. 28193 (March 11, 2008), 73 FR 14618 (March 18, 2008), FN 34. See also Investment Company Act Release Nos. 5847 (October 21, 1969), 35 FR 19989 (December 31, 1970) (Statement Regarding “Restricted Securities”); and 18612 (March 12, 1992), 57 FR 9828 (March 20, 1992) (Revisions of Guidelines to Form N-1A).

Commission staff guidance.⁴¹ The Fund will not be a leveraged or inverse leveraged fund and will not use derivative instruments to enhance leverage.

The Fund may loan the equity securities in its portfolio; however, the Fund will not loan its securities if, as a result, the aggregate amount of all outstanding securities loans by the Fund exceeds 33 1/3% of the Fund's total assets (including the market value of collateral received). To the extent the Fund engages in securities lending, it will loan securities to broker-dealers that the Adviser or Sub-Adviser believes to be of relatively high credit standing pursuant to agreements that require the loans to be continuously collateralized by cash, liquid securities, or shares of other investment companies with a value at least equal to the market value of the loaned securities.

The Fund intends to qualify for, and to elect to be treated as, a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended.⁴² The Fund will invest its respective assets, and otherwise conduct its operations, in a manner that is intended to satisfy the qualifying income, diversification and distribution requirements necessary to establish and maintain RIC qualification under Subchapter M. In addition to satisfying the above referenced RIC diversification requirements, no portfolio security held by the Fund (other than U.S. government securities) will represent more than 30% of the weight of the Fund's portfolio, and the

⁴¹ A fund's portfolio security is illiquid if it cannot be disposed of in the ordinary course of business within seven days at approximately the value ascribed to it by the fund. See Investment Company Act Release Nos. 14983 (March 12, 1986), 51 FR 9773 (March 21, 1986) (adopting amendments to Rule 2a-7 under the 1940 Act); and 17452 (April 23, 1990), 55 FR 17933 (April 30, 1990) (adopting Rule 144A under the Securities Act of 1933).

⁴² 26 U.S.C. 851. et seq.

five most heavily weighted component stocks of the Fund (other than U.S. government securities) will not in the aggregate account for more than 65% of the weight of the Fund's portfolio. For these purposes, the Fund may treat repurchase agreements collateralized by U.S. government securities as U.S. government securities.

The Fund's investments will be consistent with the Fund's investment objective. The Fund does not presently intend to engage in any form of borrowing for investment purposes, and will not be operated as a "leveraged ETF" or "inverse leveraged ETF," i.e., it will not be operated in a manner designed to seek a multiple or an inverse multiple of the performance of an underlying reference index.

Creation and Redemption of Shares

The Fund will issue and sell Shares only in large blocks of Shares ("Creation Units") in transactions with Authorized Participants, as defined below. The Fund currently anticipates that a Creation Unit will consist of 50,000 Shares, though this number may change from time to time, including prior to the listing of the Fund. The exact number of Shares that will comprise a Creation Unit will be disclosed in the Fund's Registration Statement. The Trust will issue and sell Shares of the Fund in Creation Units on a continuous basis through the Distributor or its agent, without a sales load, at a price based on the Fund's net asset value ("NAV") per Share next determined after receipt, on any business day.⁴³

⁴³ To be eligible to place orders with the Distributor or its agent to create a Creation Unit of the Fund, an entity must be: (i) a "Participating Party," i.e., a broker-dealer or other participant in the clearing process through the Continuous Net Settlement System of the National Securities Clearing Corporation ("NSCC") (the "Clearing Process"); or (ii) a DTC Participant (as defined below); and, in either case, must have executed an agreement with the Distributor (as it may be

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 of the Fund, in proper form, generally before 3:30 p.m., Eastern Time, on any business day to receive that day's NAV. On days when the Exchange closes earlier than normal, the Fund may require orders to be placed earlier in the day.

The consideration for a purchase of a Creation Unit of the Fund generally will consist of either (i) the in-kind deposit of a designated portfolio of securities (including any portion of such securities for which cash may be substituted) ("Deposit Securities") and a corresponding "Cash Component" (defined below), computed as described below, or the cash value of the Deposit Securities ("Deposit Cash") and the "Cash Component," computed as described below.⁴⁴

Together, the Deposit Securities or Deposit Cash, as applicable, and the Cash Component constitute the "Fund Deposit," which will be applicable (subject to possible amendment or correction) to creation requests received in proper form. The Fund Deposit represents the minimum initial and subsequent investment amount for a Creation Unit. The "Cash Component" represents the difference between the NAV of the Shares (per

amended from time to time in accordance with its terms) ("Participant Agreement"). DTC Participants are participants of the Depository Trust Company ("DTC"), which acts as a securities depository for Index Fund Shares. A Participating Party and DTC Participant are collectively referred to as an "Authorized Participant."

⁴⁴ Because OTC options and certain listed options are not currently eligible for in-kind transfer, they will be substituted with an amount of cash of equal value (i.e., Deposit Cash) when the Fund processes purchases of Creation Units in-kind. When accepting purchases of Creation Units for cash, the Fund may incur additional costs associated with the acquisition of Deposit Securities that would otherwise be provided by an in-kind purchase.

Creation Unit) and the market value of the Deposit Securities or Deposit Cash, as applicable. The Cash Component serves the function of compensating for any difference between the NAV per Creation Unit and the market value of the Deposit Securities or Deposit Cash, as applicable.

A portfolio composition file, to be sent via the 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), containing a list of the names and the required number of shares of each Deposit Security to be included in the current Fund Deposit (based on information at the end of the previous business day). In addition, on each business day, the estimated Cash Component, effective through and including the previous business day, will be made available through NSCC. Such Fund Deposit is applicable, subject to any adjustments,⁴⁵ to purchases of Creation Units of Shares of the Fund until such time as the next-announced Fund Deposit composition is made available.

Shares of the Fund may be redeemed only in Creation Units on a business day, and only by Authorized Participants at the NAV next determined after receipt of a redemption request in proper form by the Distributor or its agent. Unless cash redemptions are permitted or required for the Fund, the redemption proceeds for a

⁴⁵ The Fund reserves the right to permit or require the substitution of a “cash in lieu” amount to be added to the Cash Component to replace any Deposit Security that may not be available in sufficient quantity for delivery or that may not be eligible for transfer through the DTC or the Clearing Process. The Fund also reserves the right to permit or require a “cash in lieu” amount in certain circumstances, including circumstances in which the delivery of the Deposit Security 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 Fund also reserves the right to permit or require Creation Units to be issued solely in exchange for cash.

Creation Unit generally will consist of a designated portfolio of securities (including any portion of such securities for which cash may be substituted) that will be applicable (subject to possible amendment or correction) to redemption requests received in proper form on that day (the “Fund Securities”), plus an amount of cash (the “Cash Amount”) equal to the difference between the NAV of the Shares being redeemed, as next determined after the receipt of a redemption request in proper form, and the value of Fund Securities, less any redemption transaction fees.⁴⁶

The Custodian will make available through the NSCC, prior to the opening of business on the Exchange on each business day, the Fund Securities and corresponding Cash Amount (each being subject to possible amendment or correction) that will be applicable to redemptions requests received in proper form on that day. The Fund reserves the right to honor a redemption request by delivering a basket of securities or cash that differs from the Fund Securities.⁴⁷

Orders to redeem Creation Units of the 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 the 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

⁴⁶ Should the Fund Securities have a value greater than the NAV of the Shares being redeemed, a compensating cash payment to the Trust equal to the differential plus the applicable redemption transaction fee will be required to be arranged for, by or on behalf of, the redeeming shareholder.

⁴⁷ The Fund reserves the right to distribute cash as some or all of the payment for Creation Units being redeemed. The Adviser represents that, to the extent that the Trust permits or requires a “cash in lieu” amount, such transactions will be effected in the same or equitable manner for all Authorized Participants.

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 3:30 p.m. Eastern Time on such transmittal date; (ii) such order is preceded or accompanied by the requisite number of Shares of Creation Units specified in such order, which delivery must be made through DTC to the Distributor no later than 11:00 a.m. Eastern Time, on such transmittal date (the “DTC Cut-Off-Time”); 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 Amount to the redeeming beneficial owner by the second business day following the transmittal date on which such redemption order is deemed received.

Availability of Information

The Trust’s website (www.invesco.com), which will be publicly available prior to the public offering of Shares, will include a form of the prospectus for the Fund that may be downloaded. The website will include additional quantitative information updated on a daily basis, including, for the Fund: (1) the prior business day’s reported NAV, mid-point of the bid/ask spread at the time of calculation of such NAV (the “Bid/Ask Price”),⁴⁸ daily trading volume, and a calculation of the premium and discount of the Bid/Ask Price against the NAV; and (2) data in chart format displaying the frequency

⁴⁸ The Bid/Ask Price of the Fund will be determined using the mid-point of the highest bid and the lowest offer on the Exchange as of the time of calculation of the Fund’s NAV. The records relating to Bid/Ask Prices will be retained by the Fund and its service providers.

distribution of discounts and premiums of the daily Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters. Daily trading volume information for the Fund will also be available in the financial section of newspapers, through subscription services such as Bloomberg, Thomson Reuters, and International Data Corporation, which can be accessed by authorized participants and other investors, as well as through other electronic services, including major public websites.

On each business day, before commencement of trading in Shares during the Regular Trading Hours⁴⁹ on the Exchange, the Fund will disclose on its website the identities and quantities of the portfolio of securities and other assets in the daily disclosed portfolio held by the Fund (the “Disclosed Portfolio”) that will form the basis for the Fund’s calculation of NAV at the end of the business day.⁵⁰ The Disclosed Portfolio will include the following information regarding each portfolio holding, as applicable to the type of holding: ticker symbol, CUSIP number or other identifier, if any; a description of the holding (including the type of holding); the identity of the security, index or other asset or instrument underlying the holding, if any; for options, the option strike price; quantity held (as measured by, for example, par value, notional value or number of shares, contracts or units); maturity date, if any; coupon rate, if any; effective

⁴⁹ Regular Trading Hours are 9:30 a.m. to 4:00 p.m. Eastern Time.

⁵⁰ Under accounting procedures to be followed by the Fund, trades made on the prior business day (“T”) will be booked and reflected in NAV on the current business day (“T+1”). Notwithstanding the foregoing, portfolio trades that are executed prior to the opening of the Exchange on any business day may be booked and reflected in NAV on such business day. Accordingly, the Fund will be able to disclose at the beginning of the business day the portfolio that will form the basis for the NAV calculation at the end of the business day.

date, if any; market value of the holding; and the percentage weighting of the holding in the Fund's portfolio. The website and information will be publicly available at no charge. The value of the Underlying Index will be calculated and widely disseminated at least once every 15 seconds during Regular Trading Hours and will be available from major market data vendors, provided however, that with respect to the fixed income components of the Underlying Index, the impact on the Underlying Index will be updated and widely disseminated at least once daily.

In addition, for the Fund, an estimated value, defined in BZX Rule 14.11(c)(6)(A) as the "Intraday Indicative Value," that reflects an estimated intraday value of the Fund's portfolio, will be disseminated. Moreover, the Intraday Indicative Value will be based upon the current value for the components of the Disclosed Portfolio and will be updated and widely disseminated by one or more major market data vendors and broadly displayed at least every 15 seconds during the Exchange's Regular Trading Hours.⁵¹ In addition, the quotations of certain of the Fund's holdings may not be updated if updated prices cannot be ascertained.

The dissemination of the Intraday Indicative Value, together with the Disclosed Portfolio, will allow investors to determine the value of the underlying portfolio of the Fund on a daily basis and will provide a close estimate of that value throughout Regular Trading Hours.

Intraday, closing, and settlement prices of common stocks and other exchange-listed instruments will be readily available from the exchanges trading such securities as

⁵¹ Currently, it is the Exchange's understanding that several major market data vendors display and/or make widely available Intraday Indicative Values published via the Consolidated Tape Association ("CTA") or other data feeds.

well as automated quotation systems, published or other public sources, or online information services such as Bloomberg or Reuters. In addition, price information for U.S. exchange-traded options will be available from the Options Price Reporting Authority. Quotation information from brokers and dealers or pricing services will be available for U.S. government obligations, high quality securities issued or guaranteed by the U.S. government (in addition to Treasury bills) and non-U.S. governments, and each of their agencies and instrumentalities, money market instruments, convertible securities, structured notes, non-exchange-listed securities of other investment companies, and OTC options.

Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services. Information regarding the previous day's closing price and trading volume for the Shares will be published daily in the financial section of newspapers. Quotation and last sale information for the Shares will be on the facilities of the CTA.

Initial and Continued Listing

The Shares of the Fund will conform to the initial and continued listing criteria under BZX Rule 14.11(c), including Rule 14.11(c)(5), other than the portion of the Fund that consists of options. The Exchange represents that, for initial and/or continued listing, the Fund and the Trust must be in compliance with Rule 10A-3⁵² under the Act. A minimum of 100,000 Shares of the Fund will be outstanding at the commencement of trading on the Exchange. The Exchange will obtain a representation from the issuer of

⁵² See 17 CFR 240.10A-3.

the Shares that the NAV per Share for the Fund will be calculated daily and will be made available to all market participants at the same time.

Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Fund. The Exchange will halt trading in the Shares under the conditions specified in BZX Rule 11.18. Trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) the extent to which trading is not occurring in the securities and/or the financial instruments constituting the Disclosed Portfolio of the Fund; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. Trading in the Shares also will be subject to Rule 14.11(c)(1)(B)(iv), which sets forth circumstances under which Shares of the Fund may be halted. Further, trading in the Shares will be halted if an interruption to the dissemination of either of the Intraday Indicative Value or the value of the Underlying Index persists past the trading day in which it occurred. The Exchange retains discretion to halt trading during the day in which the interruption to the dissemination of the Intraday Indicative Value or value of the Underlying Index occurs.

Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. The Exchange will allow trading in the Shares from 8:00 a.m. until 5:00 p.m. Eastern Time and has appropriate rules to facilitate transactions in the Shares during all

trading sessions. As provided in BZX Rule 11.11(a), the minimum price variation for quoting and entry of orders in securities traded on the Exchange is \$0.01, with the exception of securities that are priced less than \$1.00, for which the minimum price variation for order entry is \$0.0001.

Surveillance

The Exchange believes that its surveillance procedures are adequate to properly monitor the trading of the Shares 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 Shares through the Exchange will be subject to the Exchange's surveillance procedures for derivative products, including Index Fund Shares. The issuer has represented to the Exchange that it will advise the Exchange of any failure by the Fund to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will surveil for compliance with the continued listing requirements. If the Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under BZX Rule 14.12. All exchange-listed options and equities (including certain investment company securities such as ETFs) held by the Fund will be traded on U.S. exchanges, all of which are members of ISG or are exchanges with which the Exchange has in place a comprehensive surveillance sharing agreement. The Exchange may obtain information regarding trading in the Shares and other exchange-traded securities and instruments held by the 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.⁵³ The Exchange prohibits the distribution of material non-public information by its employees.

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 and the Underlying Index is disseminated; (4) the risks involved in trading the Shares during the Pre-Opening⁵⁴ and After Hours Trading Sessions⁵⁵ when an updated Intraday Indicative Value and Underlying Index 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 Fund. Members purchasing Shares from the Fund for resale to investors will deliver a

⁵³ For a list of the current members of ISG, see www.isgportal.org. 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.

⁵⁴ The Pre-Opening Session is from 8:00 a.m. to 9:30 a.m. Eastern Time.

⁵⁵ 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.

In addition, the Information Circular will reference that the Fund is subject to various fees and expenses described in the Registration Statement. The Information Circular will also disclose the trading hours of the Shares of the Fund and the applicable NAV calculation time for the Shares. The Information Circular will disclose that information about the Shares of the Fund will be publicly available on the Fund's website. In addition, the Information Circular will reference that the Fund is subject to various fees and expenses described in the Fund's Registration Statement.

2. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act⁵⁶ in general and Section 6(b)(5) of the Act⁵⁷ 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.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed and traded on the Exchange pursuant to the listing criteria in BZX Rule 14.11(c), except that the Underlying Index will consist in part of written put options, which are based on U.S.

⁵⁶ 15 U.S.C. 78f.

⁵⁷ 15 U.S.C. 78f(b)(5).

Component Stocks, rather than completely on U.S. Component Stocks themselves. The Exchange believes that its surveillances, which generally focus on detecting securities trading outside of their normal patterns which could be indicative of manipulative or other violative activity, and associated surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws. The Exchange will communicate as needed regarding trading in the Shares with other markets or other entities that are members of the Intermarket Surveillance group (“ISG”), and may obtain trading information regarding trading in the Shares from such markets or entities. In addition, the Exchange may obtain information regarding trading in the Shares and other exchange-traded securities and instruments held by the Fund from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

The Calculation Agent has implemented and will maintain procedures designed to prevent the use and dissemination of material, non-public information regarding the Underlying Index. The Adviser and the Sub-Adviser are affiliated with a broker-dealer and have implemented, and will maintain, a fire wall with respect to its broker-dealer affiliate regarding access to information concerning the composition and/or changes to the Fund’s portfolio.

Under normal market conditions, not less than 90% of the Fund’s total assets will be comprised of common stocks, put options, and Treasury bills (serving as collateral for written put options), although the Fund may also invest in, among other assets, U.S. government and money market instruments. The Fund may hold up to an aggregate

amount of 15% of its net assets in illiquid assets (calculated at the time of investment), consistent with Commission guidance. The Fund will not be a leveraged or inverse leveraged fund and will not use derivative instruments to enhance leverage.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that a large amount of information will be publicly available regarding the Fund and the Shares, thereby promoting market transparency. The Fund's portfolio holdings will be disclosed on the Fund's website daily after the close of trading on the Exchange and prior to the opening of trading on the Exchange the following day.

Moreover, the Intraday Indicative Value will be widely disseminated by one or more major market data vendors at least every 15 seconds during Regular Trading Hours. The current value of the Underlying Index will be calculated and disseminated at least once every 15 seconds during regular market session and will be available from major market data vendors, provided however, that with respect to the fixed income components of the index, such value will be calculated and disseminated at least once daily. Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services, and quotation and last sale information will be available via the CTA high-speed line. Quotation and last sale information for U.S. exchange-listed options contracts cleared by The Options Clearing Corporation will be available via the Options Price Reporting Authority. Intraday, closing, and settlement prices of common stocks and other exchange-listed instruments will be readily available from the exchanges trading such securities as well as automated quotation systems,

published or other public sources, or online information services such as Bloomberg or Reuters. In addition, price information for U.S. exchange-traded options will be available from the Options Price Reporting Authority. Quotation information from brokers and dealers or pricing services will be available for U.S. government obligations, high quality securities issued or guaranteed by the U.S. government (in addition to Treasury bills) and non-U.S. governments, and each of their agencies and instrumentalities, money market instruments, convertible securities, structured notes, non-exchange-listed securities of other investment companies, and OTC options.

The website for the Fund will include the prospectus for the Fund and additional data relating to NAV and other applicable quantitative information. Moreover, 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. If the Exchange becomes aware that the NAV is not being disseminated to all market participants at the same time, it will halt trading in the Shares until such time as the NAV is available to all market participants. With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Fund. Trading also may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) the extent to which trading is not occurring in the securities and/or the financial instruments composing the daily disclosed portfolio of the Fund; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. Trading in the Shares also will be subject to Rule 14.11(c)(1)(B)(iv), which sets forth circumstances under which Shares of the Fund may

be halted. Further, trading in the Shares will be halted if an interruption to the dissemination of either of the Intraday Indicative Value or the value of the Underlying Index persists past the trading day in which it occurred. The Exchange retains discretion to halt trading during the day in which the interruption to the dissemination of the Intraday Indicative Value or value of the Underlying Index occurs.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of an additional type of exchange-traded product that will enhance competition among market participants, to the benefit of investors and the marketplace. As noted above, the Exchange has in place surveillance procedures relating to trading in the Shares and may obtain information in the Shares and other exchange-traded securities and instruments held by the Fund via ISG, from other exchanges that are members of ISG, or with which the Exchange has entered into a comprehensive surveillance sharing agreement. In addition, investors will have ready access to information regarding the Intraday Indicative Value and quotation and last sale information for the Shares.

For the above reasons, the Exchange believes 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 purposes of the Act. The Exchange notes that the proposed rule change will facilitate the listing and trading of an additional type of exchange-traded product that will enhance competition among market participants, to the benefit of investors and the marketplace.

(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. Please include File No. SR-CboeBZX-2017-011 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-2017-011 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-2017-011 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.⁵⁸

Robert W. Errett
Deputy Secretary

⁵⁸ 17 CFR 200.30-3(a)(12).