

## OMB APPROVAL

OMB Number: 3235-0045  
 Estimated average burden  
 hours per response.....38

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of \* 31

SECURITIES AND EXCHANGE COMMISSION  
 WASHINGTON, D.C. 20549  
 Form 19b-4

File No.\* SR - 2020 - \* 021

Amendment No. (req. for Amendments \*)

Filing by Cboe BZX Exchange, Inc.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" 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 checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Security-Based Swap Submission pursuant  
 to the Securities Exchange Act of 1934

Section 806(e)(1) \*

☐

Section 806(e)(2) \*

☐

Section 3C(b)(2) \*

☐

Exhibit 2 Sent As Paper Document



Exhibit 3 Sent As Paper Document



### Description

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

The Exchange proposes to list and trade shares of the Agility Shares Managed Risk Equity ETF (the "Fund"), a series of the Northern Lights Fund Trust (the "Trust"), under Rule 14.11(i) ("Managed Fund Shares").

### Contact Information

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

First Name \* Kyle Last Name \* Murray  
 Title \* Vice President, Associate General Counsel  
 E-mail \* kmurray@cboe.com  
 Telephone \* (913) 815-7121 Fax

### Signature

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

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

(Title \*)

Date 04/15/2020

By Kyle Murray

(Name \*)

Vice President, Associate General Counsel

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.

kmurray@cboe.com

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

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

Add Remove View

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 \***

Add Remove View

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 \***

Add Remove View

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**

Add Remove View

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**

Add Remove View

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**

Add Remove View

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**

Add Remove View

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**

Add Remove View

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

1. Text of the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to list and trade shares of the Agility Shares Managed Risk Equity ETF (the “Fund”), a series of the Northern Lights Fund Trust (the “Trust”), under Rule 14.11(i) (“Managed Fund Shares”). The shares 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 4, 2020.

(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, Vice President, Associate General Counsel, (913) 815-7121.

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

(a) Purpose

The Exchange proposes to list and trade the Shares under Rule 14.11(i), which

---

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

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

governs the listing and trading of Managed Fund Shares on the Exchange.<sup>3</sup> The Fund will be an actively managed exchange-traded fund that seeks to provide income and long-term growth of capital. A secondary objective of the Fund is to limit risk during unfavorable market conditions. The Exchange submits this proposal in order to allow the Fund to hold listed derivatives, in particular options and futures on the S&P 500 Index, in a manner that does not comply with Rule 14.11(i)(4)(C)(iv)(b).<sup>4</sup> The Exchange notes that this proposal is very similar to a previously approved proposal to list and trade a series of Managed Fund Shares on the Exchange with similar exposures to a single underlying reference asset and U.S. exchange-listed equity securities.<sup>5</sup> Otherwise, the Fund will

---

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

<sup>4</sup> Rule 14.11(i)(4)(C)(iv)(b) provides that “the aggregate gross notional value of listed derivatives based on any five or fewer underlying reference assets shall not exceed 65% of the weight of the portfolio (including gross notional exposures), and the aggregate gross notional value of listed derivatives based on any single underlying reference asset shall not exceed 30% of the weight of the portfolio (including gross notional exposures).” The Exchange is proposing that the Fund be exempt from both the 30% and 65% requirements of Rule 14.11(i)(4)(C)(iv)(b).

<sup>5</sup> The Exchange notes that this proposal is very similar to several previously submitted proposals to list and trade a series of Index Fund Shares and Managed Fund Shares with similar exposures to a single underlying reference asset, especially S&P 500 Index derivatives, and U.S. exchange-listed equity securities that were either approved by the Commission or effective upon filing. See Securities Exchange Act Release Nos. 83146 (May 1, 2018), 83 FR 20103 (May 7, 2018) (SR-CboeBZX-2018-029); 83679 (July 20, 2018), 83 FR 35505 (July 26, 2018); 82906 (March 20, 2018), 83 FR 12992 (March 26, 2018) (SR-CboeBZX-2017-012); 77045 (February 3, 2016), 81 FR 6916 (February 9, 2016) (SR-NYSEArca-2015-113) (the “Amendment”); and 74675 (April 8, 2015), 80 FR 20038 (April 14, 2015) (SR-NYSEArca-2015-05) (collectively, with the Amendment, the “Arca Filing”).

comply with all other listing requirements on an initial and continued listing basis under Rule 14.11(i).

The Shares will be offered by the Trust, which was established as a Delaware statutory trust on January 19, 2005. The Trust is registered with the Commission as an open-end investment company and has filed a registration statement on behalf of the Fund on Form N-1A (“Registration Statement”) with the Commission.<sup>6</sup> The Fund’s adviser, Toews Corporation (the “Adviser”), is not registered as a broker-dealer and is not affiliated with a broker-dealer. 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 becomes registered as a broker-dealer or newly affiliated with a broker-dealer; or (b) any new adviser or sub-adviser is a registered broker-dealer or becomes affiliated with a broker-dealer, it will implement and maintain a fire wall with respect to its relevant personnel or such broker-dealer affiliate, as applicable, regarding access to information concerning the composition and/or changes to the portfolio, and will be subject to procedures designed to prevent the use and dissemination of material non-public information regarding such portfolio.

The Fund intends to qualify each year as a regulated investment company under

---

<sup>6</sup> The Trust filed a post-effective amendment to the Registration Statement on December 18, 2017. See Registration Statement on Form N-1A for the Trust (File Nos. 333-179562 and 811-22668). The descriptions of the Fund and the Shares contained herein are based, in part, on information included in the Registration Statement. The Commission has issued an order granting exemptive relief to the Trust under the Investment Company Act of 1940 (15 U.S.C. 80a-1) applicable to the activities of the Fund. See Investment Company Act Release No. 32777 (August 8, 2017) (File No. 812-14787).

Subchapter M of the Internal Revenue Code of 1986, as amended.

Agility Shares Managed Risk Equity ETF

In order to achieve its investment objective of seeking to provide income and long-term growth of capital, while limiting risk, under Normal Market Conditions,<sup>7</sup> the Fund will generally invest at least 80% of its net assets in S&P 500 Derivatives (as defined below), options on ETFs,<sup>8</sup> U.S. Component Stocks,<sup>9</sup> and U.S. exchange-listed ETFs that principally invest in U.S. Component Stocks (“U.S. ETFs” and, collectively, with U.S. Component Stocks “U.S. Equities”). The Fund generally will invest in U.S. Component Stocks in order to gain exposure to large cap U.S. equity securities. The Exchange notes that each of S&P 500 Index futures and options, options on S&P 500 Index futures, and options on ETFs are U.S. exchange-listed. Under Normal Market Conditions, the Fund may also invest its remaining assets in fixed income securities (including ETFs that primarily invest in fixed income securities), cash, and Cash

---

<sup>7</sup> As defined in Rule 14.11(i)(3)(E), 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.

<sup>8</sup> For purposes of this proposal, the term ETF means Portfolio Depositary Receipts, Index Fund Shares, and Managed Fund Shares as defined in Rule 14.11(b), 14.11(c), and 14.11(i), respectively, and their equivalents on other national securities exchanges as well as ETFs operating in reliance on Rule 6c-11 of the Investment Company Act of 1940.

<sup>9</sup> Pursuant to BZX 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.

Equivalents<sup>10</sup> and such holdings will meet the requirements applicable under Rules 14.11(i)(4)(C)(ii) and (iii).

As noted above, Rule 14.11(i)(4)(C)(iv)(b) does not allow the aggregate gross notional value of the Fund's holdings in listed derivatives based on any five or fewer underlying reference assets to exceed 65% of the weight of the portfolio (including gross notional exposures), and the aggregate gross notional value of listed derivatives based on any single underlying reference asset to exceed 30% of the weight of its portfolio (including gross notional exposures).<sup>11</sup> The Exchange is proposing to allow the Fund to hold up to 100% of the weight of its portfolio (including gross notional exposures) in listed derivatives based on the S&P 500 Index, specifically futures traded on the Chicago Mercantile Exchange ("S&P 500 Futures") and options traded on Cboe Exchange, Inc. ("S&P 500 Options,"), as well as options on S&P 500 Futures ("Options on S&P 500 Futures" and, collectively with S&P 500 Futures and S&P 500 Options, "S&P 500

---

<sup>10</sup> As defined in Rule 14.11(i)(4)(C)(iii), Cash Equivalents are short-term instruments with maturities of less than three months that are: (i) U.S. Government securities, including bills, notes, and bonds differing as to maturity and rates of interest, which are either issued or guaranteed by the U.S. Treasury or by U.S. Government agencies or instrumentalities; (ii) certificates of deposit issued against funds deposited in a bank or savings and loan association; (iii) bankers acceptances, which are short-term credit instruments used to finance commercial transactions; (iv) repurchase agreements and reverse repurchase agreements; (v) bank time deposits, which are monies kept on deposit with banks or savings and loan associations for a stated period of time at a fixed rate of interest; (vi) commercial paper, which are short-term unsecured promissory notes; and (vii) money market funds.

<sup>11</sup> The Exchange notes that the 80% and 20% investment numbers above are based on the Fund's net assets, while Rule 14.11(i)(4)(C)(iv)(b) is calculated on the basis of aggregate gross notional value.

Derivatives”).<sup>12</sup> The Fund primarily expects to utilize S&P 500 Derivatives to implement its strategy. The Fund will utilize short or long S&P 500 Derivatives to the extent needed to reduce or augment, respectively, the Fund’s exposure relative to the exposure resulting from investments in the U.S. Equities described above in order to achieve the desired net exposure. S&P 500 Derivatives are an efficient means for reducing or augmenting exposure to U.S. Equities, as described above. Allowing the Fund to hold a greater portion of its portfolio in S&P 500 Derivatives would mitigate the Fund’s dependency on holding over-the-counter (“OTC”) instruments, which would reduce the Fund’s operational burden by allowing the Fund to use listed futures and options contracts to achieve its investment objective and would further reduce counter-party risk associated with holding OTC instruments. The Exchange notes that the Fund may also hold certain fixed income securities, cash and Cash Equivalents, and ETFs that primarily invest in fixed income securities in compliance with Rules 14.11(i)(4)(C)(ii), (iii), and (i), respectively, as part of its strategy and in order to collateralize its S&P 500 Derivatives positions.

The combination of U.S. Equities, fixed income securities, cash, Cash Equivalents, and the cash value of derivatives positions will constitute the entirety of the Fund’s holdings and the cash value of these holdings will be used to form the basis for any calculation that is based on net assets. The Exchange notes that this is different than

---

<sup>12</sup> While the Adviser does not anticipate the gross notional exposure of its holdings in S&P 500 Derivatives to approach 100% of the weight of the Fund’s portfolio, the Adviser would like to have the flexibility to do so in the event that the Adviser determines that it is in the best interest of the Fund. The Exchange also notes that while the Fund may invest in options on ETFs, such holdings will be in compliance with Rule 14.11(i)(4)(C)(iv)(b).



the calculation used to measure the Fund's holdings in S&P 500 Derivatives as it relates to the Fund holding up to 100% of the weight of its portfolio, which, as noted above, is calculated using gross notional exposures gained through the S&P 500 Derivatives in both the numerator and denominator, which is consistent with the derivatives exposure calculation under Rule 14.11(i)(4)(C)(iv). The Exchange represents that, except for the 30% and 65% limitations in Rule 14.11(i)(4)(C)(iv)(b) related to S&P 500 Derivatives, the Fund's proposed investments will satisfy, on an initial and continued listing basis, all of the generic listing standards under BZX Rule 14.11(i)(4)(C) and all other applicable requirements for Managed Fund Shares under Rule 14.11(i).

The Trust is required to comply with Rule 10A-3 under the Act for the initial and continued listing of the Shares of the Fund. In addition, the Exchange represents that the Shares of the Fund will comply with all other requirements applicable to Managed Fund Shares, which includes the dissemination of key information such as the Disclosed Portfolio,<sup>13</sup> Net Asset Value,<sup>14</sup> and the Intraday Indicative Value,<sup>15</sup> suspension of trading or removal,<sup>16</sup> trading halts,<sup>17</sup> surveillance,<sup>18</sup> minimum price variation for quoting and

---

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

<sup>14</sup> See Rule 14.11(i)(4)(A)(ii).

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

<sup>16</sup> See Rule 14.11(i)(4)(B)(iii).

<sup>17</sup> See Rule 14.11(i)(4)(B)(iv).

<sup>18</sup> See Rule 14.11(i)(2)(C).

order entry,<sup>19</sup> the information circular,<sup>20</sup> and firewalls<sup>21</sup> as set forth in Exchange rules applicable to Managed Fund Shares and the orders approving such rules. Moreover, all of the exchange-listed instruments held by the Fund, including S&P 500 Futures, S&P 500 Options, Options on S&P 500 Futures, U.S. Equities, options on ETFs, and ETFs that primarily invest in fixed income instruments will trade on markets that are a member of Intermarket Surveillance Group (“ISG”) or affiliated with a member of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.<sup>22</sup> All statements and representations made in this filing regarding the description of the portfolio or reference assets, limitations on portfolio holdings or reference assets, dissemination and availability of reference asset and intraday indicative values (as applicable), or the applicability of Exchange listing rules specified in this filing shall constitute continued listing requirements for the securities listed on the Exchange. The issuer has represented to the Exchange that it will advise the Exchange of any failure by the Fund or Shares to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will surveil for compliance with the continued listing requirements. If the Fund or Shares are not in compliance with the applicable listing requirements, then, with respect to such Fund or Shares, the

---

<sup>19</sup> See Rule 14.11(i)(2)(B).

<sup>20</sup> See Rule 14.11(i)(6).

<sup>21</sup> See Rule 14.11(i)(7).

<sup>22</sup> For a list of the current members and affiliate members of ISG, see [www.isgportal.com](http://www.isgportal.com). The Exchange notes that not all components of the Disclosed Portfolio for the Fund may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

Exchange will commence delisting procedures under Exchange Rule 14.12. FINRA conducts certain cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement. If the Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures with respect to such Fund under Exchange Rule 14.12.

b. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act<sup>23</sup> in general and Section 6(b)(5) of the Act<sup>24</sup> in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest in that the Shares will meet each of the initial and continued listing criteria in BZX Rule 14.11(i) with the exception Rule 14.11(i)(4)(C)(iv)(b), which requires that the aggregate gross notional value of listed derivatives based on any five or fewer underlying reference assets shall not exceed 65% of the weight of the portfolio (including gross notional exposures), and the aggregate gross notional value of listed derivatives based on any single underlying reference asset shall not exceed 30% of the weight of the portfolio (including gross notional

---

<sup>23</sup> 15 U.S.C. 78f.

<sup>24</sup> 15 U.S.C. 78f(b)(5).

exposures).<sup>25</sup> The Exchange believes that the liquidity in the S&P 500 Futures, S&P 500 Options, and Options on S&P 500 Futures markets mitigates the concerns that Rule 14.11(i)(4)(C)(iv)(b) is intended to address and that such liquidity would prevent the Shares from being susceptible to manipulation.<sup>26</sup> Further, allowing the Fund to hold a greater portion of its portfolio in S&P 500 Derivatives would mitigate the Fund's dependency on holding OTC instruments, which would reduce the Fund's operational burden by allowing the Fund to primarily use listed futures and options contracts to achieve its investment objective and would further reduce counter-party risk associated with holding OTC instruments. The Exchange further believes that the diversity, liquidity, and market cap of the securities underlying the S&P 500 Index are sufficient to protect against market manipulation of both the Fund's holdings and the Shares as it relates to the S&P 500 Derivatives holdings.

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

---

<sup>25</sup> As noted above, the Exchange is proposing that the Fund be exempt from the requirement of Rule 14.11(i)(4)(C)(iv)(b) that prevents aggregate gross notional value of listed derivatives based on any five or fewer underlying reference assets from exceeding 65% of the weight of the portfolio (including gross notional exposures), and the aggregate gross notional value of listed derivatives based on any single underlying reference asset from exceeding 30% of the weight of the portfolio (including gross notional exposures). The Exchange is proposing to allow the Fund to hold up to 100% of the weight of its portfolio (including gross notional exposures) in S&P 500 Derivatives.

<sup>26</sup> The Exchange notes that there was an average of more than \$3 billion in notional volume traded on a daily basis in S&P 500 Options in 2019. S&P 500 Futures generally trade over one million contracts per day in the front month contract. More than 1,000,000 Options on S&P 500 Futures contracts traded per day in February 2020.

and detect violations of Exchange rules and the applicable federal securities laws. All of the futures contracts, options, ETFs, and component stocks held by the Fund will trade on markets that are a member of ISG or affiliated with a member of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. The Exchange may obtain information regarding trading in the Shares and the underlying futures contracts, options, component stocks, and other ETFs held by the Fund via the ISG from other exchanges who are members or affiliates of the ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement.<sup>27</sup> The Exchange further notes that the Fund will meet and be subject to all other requirements of the generic listing rules and other applicable continued listing requirements for Managed Fund Shares under Rule 14.11(i), including those requirements regarding the dissemination of key information such as the Disclosed Portfolio, Net Asset Value, and the Intraday Indicative Value, suspension of trading or removal, trading halts, surveillance, minimum price variation for quoting and order entry, the information circular, and firewalls as set forth in Exchange rules applicable to Managed Fund Shares.

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

4. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Act. The Exchange notes that the proposed rule change, rather will facilitate the listing and trading of an additional actively-managed exchange-traded product that will

---

<sup>27</sup> See note 19, *supra*.

enhance competition among both market participants and listing venues, 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)

The Exchange believes that the foregoing proposed rule change may take effect upon filing with the Commission pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate.

Furthermore, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

The Exchange believes that its rule change proposal is appropriate for filing on an immediately effective basis under paragraph (f)(6) of Rule 19b-4. The Exchange believes the proposed rule change will not significantly affect the protection of investors or the public interest because the proposal contains no new issues that the Commission has not

previously contemplated. As laid out above, this proposal would allow the Fund to hold listed derivatives based on a single underlying reference asset that would not comply with the generic listing standards in a manner that is generally consistent with other series of Managed Fund Shares that the Commission has approved for listing and trading that did not satisfy Rule 14.11(i)(4)(C)(iv)(b). As such, the Exchange believes that listing the Shares on the Exchange raises no substantive issues for the Commission. For the foregoing reasons, this rule filing qualifies for immediate effectiveness as a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4.

The Exchange respectfully requests that the Commission waive the 30-day operative delay so that the proposed rule change may become effective and operative upon filing with the Commission pursuant to Section 19(b)(3)(A) of the Act<sup>28</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>29</sup> Waiver of the 30-day operative delay will allow the Fund to list and trade on the Exchange without unnecessary delay. The Exchange does not believe that there is any reason for delay when the Exchange has already allowed other series of Managed Fund Shares to list and trade that have not met Rule 14.11(i)(4)(C)(iv)(b) as it relates to the same single underlying reference asset. The Exchange further represents that, while the Fund would have the ability to buy or sell exchange-traded S&P 500 Derivatives up to the limits in Rule 14.11(i)(4)(C)(iv)(b), under the proposal, the Fund seeks to hold up to 100% of the weight of its portfolio (including gross notional exposures) in S&P 500 Derivatives in a manner that may not comply with Rule 14.11(i)(4)(C)(iv)(b). The Exchange represents that, except for the

---

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

<sup>29</sup> 17 CFR 240.19b-4(f)(6).

30% and 65% requirements in Rule 14.11(i)(4)(C)(iv)(b), the Fund's investments will satisfy on both an initial and continued basis all of the generic listing standards under BZX Rule 14.11(i)(4)(C) and all other applicable requirements for Managed Fund Shares under Rule 14.11(i). Further, waiver of the 30-day operative delay would allow the Fund to hold a greater portion of its portfolio in S&P 500 Derivatives, which would allow the Fund the flexibility to fully implement its investment strategy and reduce the Fund's operational burden by allowing the Fund to use listed derivatives to achieve its investment objective. Waiver of the operative delay is consistent with the protection of investors and the public interest for the reasons described above.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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

Not applicable.

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

Not applicable.

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

Not applicable.

11. Exhibits

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



the Federal Register.

Exhibit 2 – 5: Not applicable.

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CboeBZX-2020-021]

[Insert date]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to List and Trade Shares of the Agility Shares Managed Risk Equity ETF (the “Fund”), a Series of the Northern Lights Fund Trust (the “Trust”), Under Rule 14.11(i) (“Managed Fund Shares”)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on [insert date], Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder.<sup>4</sup> The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes a rule change to list and trade shares of the Agility Shares Managed Risk Equity ETF (the “Fund”), a series of the Northern Lights Fund Trust (the “Trust”), under Rule 14.11(i) (“Managed Fund Shares”). The shares of the Fund are referred to herein as the “Shares.”

---

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

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

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

<sup>4</sup> 17 CFR 240.19b-4(f)(6).

The text of the proposed rule change is also available on the Exchange's website ([http://markets.cboe.com/us/equities/regulation/rule\\_filings/bzx/](http://markets.cboe.com/us/equities/regulation/rule_filings/bzx/)), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

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

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

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

**1. Purpose**

The Exchange proposes to list and trade the Shares under Rule 14.11(i), which governs the listing and trading of Managed Fund Shares on the Exchange.<sup>5</sup> The Fund will be an actively managed exchange-traded fund that seeks to provide income and long-term growth of capital. A secondary objective of the Fund is to limit risk during unfavorable market conditions. The Exchange submits this proposal in order to allow the Fund to hold listed derivatives, in particular options and futures on the S&P 500 Index, in a manner that does not comply with Rule 14.11(i)(4)(C)(iv)(b).<sup>6</sup> The Exchange notes that this

---

<sup>5</sup> The Commission originally approved BZX Rule 14.11(i) in Securities Exchange Act Release No. 65225 (August 30, 2011), 76 FR 55148 (September 6, 2011) (SR-BATS-2011-018) and subsequently approved generic listing standards for Managed Fund Shares under Rule 14.11(i) in Securities Exchange Act Release No. 78396 (July 22, 2016), 81 FR 49698 (July 28, 2016) (SR-BATS-2015-100).

<sup>6</sup> Rule 14.11(i)(4)(C)(iv)(b) provides that "the aggregate gross notional value of listed derivatives based on any five or fewer underlying reference assets shall not

proposal is very similar to a previously approved proposal to list and trade a series of Managed Fund Shares on the Exchange with similar exposures to a single underlying reference asset and U.S. exchange-listed equity securities.<sup>7</sup> Otherwise, the Fund will comply with all other listing requirements on an initial and continued listing basis under Rule 14.11(i).

The Shares will be offered by the Trust, which was established as a Delaware statutory trust on January 19, 2005. The Trust is registered with the Commission as an open-end investment company and has filed a registration statement on behalf of the Fund on Form N-1A (“Registration Statement”) with the Commission.<sup>8</sup> The Fund’s

---

exceed 65% of the weight of the portfolio (including gross notional exposures), and the aggregate gross notional value of listed derivatives based on any single underlying reference asset shall not exceed 30% of the weight of the portfolio (including gross notional exposures).” The Exchange is proposing that the Fund be exempt from both the 30% and 65% requirements of Rule 14.11(i)(4)(C)(iv)(b).

<sup>7</sup> The Exchange notes that this proposal is very similar to several previously submitted proposals to list and trade a series of Index Fund Shares and Managed Fund Shares with similar exposures to a single underlying reference asset, especially S&P 500 Index derivatives, and U.S. exchange-listed equity securities that were either approved by the Commission or effective upon filing. See Securities Exchange Act Release Nos. 83146 (May 1, 2018), 83 FR 20103 (May 7, 2018) (SR-CboeBZX-2018-029); 83679 (July 20, 2018), 83 FR 35505 (July 26, 2018); 82906 (March 20, 2018), 83 FR 12992 (March 26, 2018) (SR-CboeBZX-2017-012); 77045 (February 3, 2016), 81 FR 6916 (February 9, 2016) (SR-NYSEArca-2015-113) (the “Amendment”); and 74675 (April 8, 2015), 80 FR 20038 (April 14, 2015) (SR-NYSEArca-2015-05) (collectively, with the Amendment, the “Arca Filing”).

<sup>8</sup> The Trust filed a post-effective amendment to the Registration Statement on December 18, 2017. See Registration Statement on Form N-1A for the Trust (File Nos. 333-179562 and 811-22668). The descriptions of the Fund and the Shares contained herein are based, in part, on information included in the Registration Statement. The Commission has issued an order granting exemptive relief to the Trust under the Investment Company Act of 1940 (15 U.S.C. 80a-1) applicable to the activities of the Fund. See Investment Company Act Release No. 32777 (August 8, 2017) (File No. 812-14787).

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

The Fund intends to qualify each year as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended.

Agility Shares Managed Risk Equity ETF

In order to achieve its investment objective of seeking to provide income and long-term growth of capital, while limiting risk, under Normal Market Conditions,<sup>9</sup> the Fund will generally invest at least 80% of its net assets in S&P 500 Derivatives (as

---

<sup>9</sup> As defined in Rule 14.11(i)(3)(E), 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.

defined below), options on ETFs,<sup>10</sup> U.S. Component Stocks,<sup>11</sup> and U.S. exchange-listed ETFs that principally invest in U.S. Component Stocks (“U.S. ETFs” and, collectively, with U.S. Component Stocks “U.S. Equities”). The Fund generally will invest in U.S. Component Stocks in order to gain exposure to large cap U.S. equity securities. The Exchange notes that each of S&P 500 Index futures and options, options on S&P 500 Index futures, and options on ETFs are U.S. exchange-listed. Under Normal Market Conditions, the Fund may also invest its remaining assets in fixed income securities (including ETFs that primarily invest in fixed income securities), cash, and Cash Equivalents<sup>12</sup> and such holdings will meet the requirements applicable under Rules 14.11(i)(4)(C)(ii) and (iii).

---

<sup>10</sup> For purposes of this proposal, the term ETF means Portfolio Depositary Receipts, Index Fund Shares, and Managed Fund Shares as defined in Rule 14.11(b), 14.11(c), and 14.11(i), respectively, and their equivalents on other national securities exchanges as well as ETFs operating in reliance on Rule 6c-11 of the Investment Company Act of 1940.

<sup>11</sup> Pursuant to BZX Rule 14.11(c)(1)(D), the term "U.S. Component Stock" shall mean an equity security that is registered under Sections 12(b) or 12(g) of the Act, or an American Depositary Receipt, the underlying equity security of which is registered under Sections 12(b) or 12(g) of the Act.

<sup>12</sup> As defined in Rule 14.11(i)(4)(C)(iii), Cash Equivalents are short-term instruments with maturities of less than three months that are: (i) U.S. Government securities, including bills, notes, and bonds differing as to maturity and rates of interest, which are either issued or guaranteed by the U.S. Treasury or by U.S. Government agencies or instrumentalities; (ii) certificates of deposit issued against funds deposited in a bank or savings and loan association; (iii) bankers acceptances, which are short-term credit instruments used to finance commercial transactions; (iv) repurchase agreements and reverse repurchase agreements; (v) bank time deposits, which are monies kept on deposit with banks or savings and loan associations for a stated period of time at a fixed rate of interest; (vi) commercial paper, which are short-term unsecured promissory notes; and (vii) money market funds.

As noted above, Rule 14.11(i)(4)(C)(iv)(b) does not allow the aggregate gross notional value of the Fund's holdings in listed derivatives based on any five or fewer underlying reference assets to exceed 65% of the weight of the portfolio (including gross notional exposures), and the aggregate gross notional value of listed derivatives based on any single underlying reference asset to exceed 30% of the weight of its portfolio (including gross notional exposures).<sup>13</sup> The Exchange is proposing to allow the Fund to hold up to 100% of the weight of its portfolio (including gross notional exposures) in listed derivatives based on the S&P 500 Index, specifically futures traded on the Chicago Mercantile Exchange ("S&P 500 Futures") and options traded on Cboe Exchange, Inc. ("S&P 500 Options,"), as well as options on S&P 500 Futures ("Options on S&P 500 Futures" and, collectively with S&P 500 Futures and S&P 500 Options, "S&P 500 Derivatives").<sup>14</sup> The Fund primarily expects to utilize S&P 500 Derivatives to implement its strategy. The Fund will utilize short or long S&P 500 Derivatives to the extent needed to reduce or augment, respectively, the Fund's exposure relative to the exposure resulting from investments in the U.S. Equities described above in order to achieve the desired net exposure. S&P 500 Derivatives are an efficient means for reducing or augmenting exposure to U.S. Equities, as described above. Allowing the Fund to hold a greater

---

<sup>13</sup> The Exchange notes that the 80% and 20% investment numbers above are based on the Fund's net assets, while Rule 14.11(i)(4)(C)(iv)(b) is calculated on the basis of aggregate gross notional value.

<sup>14</sup> While the Adviser does not anticipate the gross notional exposure of its holdings in S&P 500 Derivatives to approach 100% of the weight of the Fund's portfolio, the Adviser would like to have the flexibility to do so in the event that the Adviser determines that it is in the best interest of the Fund. The Exchange also notes that while the Fund may invest in options on ETFs, such holdings will be in compliance with Rule 14.11(i)(4)(C)(iv)(b).

portion of its portfolio in S&P 500 Derivatives would mitigate the Fund's dependency on holding over-the-counter ("OTC") instruments, which would reduce the Fund's operational burden by allowing the Fund to use listed futures and options contracts to achieve its investment objective and would further reduce counter-party risk associated with holding OTC instruments. The Exchange notes that the Fund may also hold certain fixed income securities, cash and Cash Equivalents, and ETFs that primarily invest in fixed income securities in compliance with Rules 14.11(i)(4)(C)(ii), (iii), and (i), respectively, as part of its strategy and in order to collateralize its S&P 500 Derivatives positions.

The combination of U.S. Equities, fixed income securities, cash, Cash Equivalents, and the cash value of derivatives positions will constitute the entirety of the Fund's holdings and the cash value of these holdings will be used to form the basis for any calculation that is based on net assets. The Exchange notes that this is different than the calculation used to measure the Fund's holdings in S&P 500 Derivatives as it relates to the Fund holding up to 100% of the weight of its portfolio, which, as noted above, is calculated using gross notional exposures gained through the S&P 500 Derivatives in both the numerator and denominator, which is consistent with the derivatives exposure calculation under Rule 14.11(i)(4)(C)(iv). The Exchange represents that, except for the 30% and 65% limitations in Rule 14.11(i)(4)(C)(iv)(b) related to S&P 500 Derivatives, the Fund's proposed investments will satisfy, on an initial and continued listing basis, all of the generic listing standards under BZX Rule 14.11(i)(4)(C) and all other applicable requirements for Managed Fund Shares under Rule 14.11(i).



The Trust is required to comply with Rule 10A-3 under the Act for the initial and continued listing of the Shares of the Fund. In addition, the Exchange represents that the Shares of the Fund will comply with all other requirements applicable to Managed Fund Shares, which includes the dissemination of key information such as the Disclosed Portfolio,<sup>15</sup> Net Asset Value,<sup>16</sup> and the Intraday Indicative Value,<sup>17</sup> suspension of trading or removal,<sup>18</sup> trading halts,<sup>19</sup> surveillance,<sup>20</sup> minimum price variation for quoting and order entry,<sup>21</sup> the information circular,<sup>22</sup> and firewalls<sup>23</sup> as set forth in Exchange rules applicable to Managed Fund Shares and the orders approving such rules. Moreover, all of the exchange-listed instruments held by the Fund, including S&P 500 Futures, S&P 500 Options, Options on S&P 500 Futures, U.S. Equities, options on ETFs, and ETFs that primarily invest in fixed income instruments will trade on markets that are a member of Intermarket Surveillance Group (“ISG”) or affiliated with a member of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.<sup>24</sup> All

---

<sup>15</sup> See Rule 14.11(i)(4)(A)(ii) and 14.11(i)(4)(B)(ii).

<sup>16</sup> See Rule 14.11(i)(4)(A)(ii).

<sup>17</sup> See Rule 14.11(i)(4)(B)(i).

<sup>18</sup> See Rule 14.11(i)(4)(B)(iii).

<sup>19</sup> See Rule 14.11(i)(4)(B)(iv).

<sup>20</sup> See Rule 14.11(i)(2)(C).

<sup>21</sup> See Rule 14.11(i)(2)(B).

<sup>22</sup> See Rule 14.11(i)(6).

<sup>23</sup> See Rule 14.11(i)(7).

<sup>24</sup> For a list of the current members and affiliate members of ISG, see [www.isgportal.com](http://www.isgportal.com). The Exchange notes that not all components of the Disclosed Portfolio for the Fund may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

statements and representations made in this filing regarding the description of the portfolio or reference assets, limitations on portfolio holdings or reference assets, dissemination and availability of reference asset and intraday indicative values (as applicable), or the applicability of Exchange listing rules specified in this filing shall constitute continued listing requirements for the securities listed on the Exchange . The issuer has represented to the Exchange that it will advise the Exchange of any failure by the Fund or Shares to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will surveil for compliance with the continued listing requirements. If the Fund or Shares are not in compliance with the applicable listing requirements, then, with respect to such Fund or Shares, the Exchange will commence delisting procedures under Exchange Rule 14.12. FINRA conducts certain cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement. If the Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures with respect to such Fund under Exchange Rule 14.12.

## 2. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act<sup>25</sup> in general and Section 6(b)(5) of the Act<sup>26</sup> in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in

---

<sup>25</sup> 15 U.S.C. 78f.

<sup>26</sup> 15 U.S.C. 78f(b)(5).

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 in that the Shares will meet each of the initial and continued listing criteria in BZX Rule 14.11(i) with the exception Rule 14.11(i)(4)(C)(iv)(b), which requires that the aggregate gross notional value of listed derivatives based on any five or fewer underlying reference assets shall not exceed 65% of the weight of the portfolio (including gross notional exposures), and the aggregate gross notional value of listed derivatives based on any single underlying reference asset shall not exceed 30% of the weight of the portfolio (including gross notional exposures).<sup>27</sup> The Exchange believes that the liquidity in the S&P 500 Futures, S&P 500 Options, and Options on S&P 500 Futures markets mitigates the concerns that Rule 14.11(i)(4)(C)(iv)(b) is intended to address and that such liquidity would prevent the Shares from being susceptible to manipulation.<sup>28</sup> Further, allowing the Fund to hold a greater portion of its portfolio in S&P 500 Derivatives would mitigate the Fund's dependency on holding OTC instruments, which would reduce the Fund's operational

---

<sup>27</sup> As noted above, the Exchange is proposing that the Fund be exempt from the requirement of Rule 14.11(i)(4)(C)(iv)(b) that prevents aggregate gross notional value of listed derivatives based on any five or fewer underlying reference assets from exceeding 65% of the weight of the portfolio (including gross notional exposures), and the aggregate gross notional value of listed derivatives based on any single underlying reference asset from exceeding 30% of the weight of the portfolio (including gross notional exposures). The Exchange is proposing to allow the Fund to hold up to 100% of the weight of its portfolio (including gross notional exposures) in S&P 500 Derivatives.

<sup>28</sup> The Exchange notes that there was an average of more than \$3 billion in notional volume traded on a daily basis in S&P 500 Options in 2019. S&P 500 Futures generally trade over one million contracts per day in the front month contract. More than 1,000,000 Options on S&P 500 Futures contracts traded per day in February 2020.

burden by allowing the Fund to primarily use listed futures and options contracts to achieve its investment objective and would further reduce counter-party risk associated with holding OTC instruments. The Exchange further believes that the diversity, liquidity, and market cap of the securities underlying the S&P 500 Index are sufficient to protect against market manipulation of both the Fund's holdings and the Shares as it relates to the S&P 500 Derivatives holdings.

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. All of the futures contracts, options, ETFs, and component stocks held by the Fund will trade on markets that are a member of ISG or affiliated with a member of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. The Exchange may obtain information regarding trading in the Shares and the underlying futures contracts, options, component stocks, and other ETFs held by the Fund via the ISG from other exchanges who are members or affiliates of the ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement.<sup>29</sup> The Exchange further notes that the Fund will meet and be subject to all other requirements of the generic listing rules and other applicable continued listing requirements for Managed Fund Shares under Rule 14.11(i), including those requirements regarding the dissemination of key information such as the Disclosed Portfolio, Net Asset Value, and the Intraday Indicative Value, suspension of trading or removal, trading halts, surveillance, minimum price variation for quoting and order entry, the information circular, and firewalls as set

---

<sup>29</sup> See note 21, *supra*.

forth in Exchange rules applicable to Managed Fund Shares.

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

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Act. The Exchange notes that the proposed rule change, rather will facilitate the listing and trading of an additional actively-managed exchange-traded product that will enhance competition among both market participants and listing venues, 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**

Because the foregoing proposed rule change does not:

- A. significantly affect the protection of investors or the public interest;
- B. impose any significant burden on competition; and
- C. become operative for 30 days from the date on which it was filed, or such

shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>30</sup> and Rule 19b-4(f)(6)<sup>31</sup> thereunder. At any time within

---

<sup>30</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>31</sup> 17 CFR 240.19b-4(f)(6).

60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

#### **IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-CboeBZX-2020-021 on the subject line.

##### Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CboeBZX-2020-021. 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, D.C. 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CboeBZX-2020-021 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>32</sup>

Secretary

---

<sup>32</sup> 17 CFR 200.30-3(a)(12).