

OMB APPROVAL

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Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 21

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

File No.* SR - 2020 - * 035

Amendment No. (req. for Amendments *)

Filing by Cboe BZX Exchange, Inc.

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

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pilot <input type="checkbox"/> Extension of Time Period for Commission Action * <input type="checkbox"/> Date Expires * <input type="text"/>			Rule <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 amend its rules to allow the Hartford Core Bond ETF to hold other derivative product types in a manner that will comply with all generic listing standards.

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 * Sarah Last Name * Tadtman
 Title * Counsel
 E-mail * stadman@cboe.com
 Telephone * (913) 815-7203 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 04/16/2020

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 *

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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

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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

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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.

Item 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”), and Rule 19b-4 thereunder, Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to allow the Hartford Core Bond ETF (the “Fund”), a series of the Hartford Funds Exchange-Traded Trust (the “Trust”), to expand the over-the-counter (“OTC”) derivative product types the Fund may hold and also to allow the Fund to hold credit default swap indices that are either listed or OTC derivatives. The shares of the Fund (the “Shares”) would continue to comply with all of the generic listing standards with the exception of the requirement of Rule 14.11(i)(4)(C)(ii)(d).

(b) Not applicable.

(c) Not applicable.

Item 2. Procedures of the Self-Regulatory Organization

(a) The Exchange’s President (or designee) pursuant to delegated authority approved the proposed rule change on April 6, 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 Sarah Tadtman, Counsel, (913) 815-7203.

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

(a) Purpose

The Exchange adopted a rule to permit the listing and trading the Shares.¹ On February 20, 2020, the Exchange commenced trading in the Shares. The Exchange now

¹ See Securities Exchange Act No. 88107 (January 31, 2020) 85 FR 6988 (February 6, 2020) (SR-CboeBZX-2020-008) (the “Initial Filing”).

proposes to continue listing and trading the Shares pursuant to Rule 14.11(i) and expand the realm of derivatives in which the Fund may invest pursuant to the Initial Filing and allow the Fund to hold credit default swap indices that are either listed or OTC derivatives. As proposed, the Shares would continue to comply with all of the generic listing standards with the exception of the requirement of Rule 14.11(i)(4)(C)(ii)(d),² as described in the Initial Filing.

As noted in the Initial Filing, the Exchange proposed a Rule amendment in order to allow the listing and trading of the Shares which would not meet the requirements of Rule 14.11(i)(4)(C)(ii)(d), which requires that component securities that in aggregate account for at least 90% of the fixed income weight of the portfolio must satisfy at least one of five conditions. Therefore, the Exchange proposed that the fixed income portion of the portfolio excluding Non-Agency ABS and MBS³ would satisfy the 90% requirement. In the Initial Filing, the Exchange also provided that the Fund would generally invest up to 20%, but may exceed 20%, of its assets in cash and Cash Equivalents,⁴ certain listed

² Rule 14.11(i)(4)(C)(ii)(d) provides that “component securities that in aggregate account for at least 90% of the fixed income weight of the portfolio must be either: (a) from issuers that are required to file reports pursuant to Sections 13 and 15(d) of the Act; (b) from issuers that have a worldwide market value of its outstanding common equity held by non-affiliates of \$700 million or more; (c) from issuers that have outstanding securities that are notes, bonds, debentures, or evidence of indebtedness having a total remaining principal amount of at least \$1 billion; (d) exempted securities as defined in Section 3(a)(12) of the Act; or (e) from issuers that are a government of a foreign country or a political subdivision of a foreign country.”

³ As noted in the Initial Filing, non-Agency ABS and MBS refers to non-agency, non-GSE (i.e., a type of financial services corporation created by the United States Congress, which include Fannie Mae and Freddie Mac), and privately-issued mortgage-related and other asset-backed securities.

⁴ As defined in Exchange Rule 14.11(i)(4)(C)(iii)(b), Cash Equivalents are short-term instruments with maturities of less than three months, which includes only the following: (i) U.S. Government securities, including bills, notes, and bonds

derivatives,⁵ and certain OTC derivatives.⁶ Further, the Exchange provided that the Fund's holdings in cash and Cash Equivalents, listed derivatives, and OTC derivatives would be in compliance with all generic listing standards, including those in Rules 14.11(i)(4)(C)(iii), 14.11(i)(4)(C)(iv), 14.11(i)(4)(C)(v), and 14.11(i)(4)(C)(vi).

Pursuant to the Initial Filing the Fund is permitted to invest in the following listed derivatives:

- Treasury futures;
- U.S. interest rate futures; and
- Eurodollar futures.

Additionally, pursuant to the Initial Filing, the Fund is permitted to invest in the following OTC Derivatives:

- Interest rate swaps;
- Currency forwards; and
- Credit default swap indices.

Now, the Exchange proposes to amend that credit default swap indices will

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.

⁵ As noted in the Initial Filing, listed derivatives include only the following instruments: Treasury futures, U.S. interest rate futures, and Eurodollar futures.

⁶ As noted in the Initial Filing, OTC derivatives include only the following instruments: interest rate swaps, currency forwards, and credit default swap indices.

continue to be held by the Fund, but may be listed derivatives or OTC derivatives.

Therefore, the Exchange proposes that the Fund may invest in the following listed derivatives:

- Treasury futures;
- U.S. interest rate futures;
- Eurodollar futures; and
- Credit default swap indices.

Additionally, the Exchange proposes to expand the types of OTC derivatives in which the Fund may invest to be the following instruments:

- Interest rate swaps and consumer price index (“CPI”) swaps, credit default swaps, and total return swaps;
- Interest rate options, options on interest rate swaps (“swaptions”), and options on credit default swaps;
- Currency forwards and bond forwards; and
- Credit default swap indices.⁷

Rule 14.11(i)(4)(C)(v) is intended to mitigate concerns around the manipulability of a particular underlying reference asset or derivatives contract. As the proposal does not seek to allow the Fund to hold more than 20% of the weight of the portfolio (including gross notional exposures) in OTC derivatives, the Exchange believes the concerns around the manipulability of a particular underlying reference asset or derivatives contract are mitigated. Further, by allowing the Fund additional flexibility to further diversify its

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As noted in the Initial Filing, intraday price quotations for OTC derivatives are available from major broker-dealer firms and from third-parties, which may provide prices free with a time delay or in real-time for a paid fee.

holdings to provide exposure to a broader array of OTC derivatives would allow the Fund to better achieve its investment objective, and, as such, benefit both investors and the Fund. As proposed, the Fund will continue to meet all generic listings standards related to OTC derivatives, including those in Rules 14.11(i)(4)(C)(v) and 14.11(i)(4)(C)(vi).

The Fund's investments, including those in derivatives, will continue to be consistent with the 1940 Act and the Fund's investment objective. Moreover, the Exchange represents that the Shares of the Fund will continue to comply with all other requirements applicable to Managed Fund Shares, which include the dissemination of key information such as the Disclosed Portfolio,⁸ Net Asset Value,⁹ and the Intraday Indicative Value,¹⁰ suspension of trading or removal,¹¹ trading halts,¹² surveillance,¹³ minimum price variation for quoting and order entry,¹⁴ the information circular,¹⁵ and firewalls¹⁶ as set forth in Exchange rules applicable to Managed Fund Shares and the orders approving such rules.

(b) Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act¹⁷ in general and Section 6(b)(5) of the Act¹⁸ in particular in that it is designed to

⁸ See Rule 14.11(i)(4)(A)(ii) and 14.11(i)(4)(B)(ii).

⁹ See Rule 14.11(i)(4)(A)(ii).

¹⁰ See Rule 14.11(i)(4)(B)(i).

¹¹ See Rule 14.11(i)(4)(B)(iii).

¹² See Rule 14.11(i)(4)(B)(iv).

¹³ See Rule 14.11(i)(2)(C).

¹⁴ See Rule 14.11(i)(2)(B).

¹⁵ See Rule 14.11(i)(6).

¹⁶ See Rule 14.11(i)(7).

¹⁷ 15 U.S.C. 78f(b).

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 continued listing criteria in BZX Rule 14.11(i) with the exception of Rule 14.11(i)(4)(C)(ii)(d), as provided in the Initial Filing.

The Exchange believes the proposal to expand the types of derivatives in which the Fund may invest as discussed herein will allow the Fund additional flexibility to further diversify its holdings to better achieve its investment objective, and, as such, benefit both investors and the Fund. Further, as the proposal does not seek to allow the Fund to hold more than 20% of the weight of the portfolio (including gross notional exposures) in OTC derivatives, the Exchange believes the concerns around the manipulability of a particular underlying reference asset or derivatives contract are mitigated. The Exchange also believes the proposal to clarify that credit default swap indices that the Fund may hold may be listed or OTC derivatives will eliminate any potential investor confusion as to the types of derivatives the Fund may hold. Lastly, the Fund's investments in cash and Cash Equivalents, listed derivatives, and OTC derivatives will continue to be in compliance with all generic listing standards, including those in Rules 14.11(i)(4)(C)(iii), 14.11(i)(4)(C)(iv), 14.11(i)(4)(C)(v), and 14.11(i)(4)(C)(vi). The Fund will comply with all representations made in the Initial Filing, aside from the changes specifically discussed herein related to permitted derivatives.

¹⁸ 15 U.S.C. 78f(b)(5).

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.

Item 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 strategy of an actively-managed exchange-traded product that will allow the Fund to better compete in the marketplace, thus enhancing competition among both market participants and listing venues, to the benefit of investors and the marketplace.

Item 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.

Item 6. Extension of Time Period for Commission Action

Not applicable.

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

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. Further, the Exchange does not believe that the proposal imposes any significant burden on competition, but rather will enhance competition among both market participants and listing venues, to the benefit of investors and the marketplace, by facilitating the strategy of an actively-managed exchange-traded product. As laid out above, the Fund is already listed and traded on the Exchange pursuant to Rule 14.11(i) and this proposal would allow the Fund to hold additional derivatives in a manner that would be in compliance with all generic listing standards, including those in Rules 14.11(i)(4)(C)(iii), 14.11(i)(4)(C)(iv), 14.11(i)(4)(C)(v), and 14.11(i)(4)(C)(vi). 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 Act¹⁹ and paragraph (f)(6) of Rule

¹⁹ 15 U.S.C. 78s(b)(3)(A).

19b-4 thereunder.²⁰ Waiver of the 30-day operative delay will allow the Fund to immediately expand its derivative holdings as discussed herein and continue to comply with all generic listing standards related to derivative holdings. 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.

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

Not applicable.

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

Not applicable.

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

Not applicable.

Item 11. Exhibits

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

²⁰ 17 CFR 240.19b-4(f)(6).

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CboeBZX-2020-035]

[Insert date]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Allow the Hartford Core Bond ETF (the “Fund”), a Series of the Hartford Funds Exchange-Traded Trust (the “Trust”), to Expand the Over-the-Counter (“OTC”) Derivative Product Types the Fund may Hold and also to Allow the Fund to Hold Credit Default Swap Indices that are Either Listed or OTC Derivatives

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 [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 Act³ and Rule 19b-4(f)(6) thereunder.⁴ 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

Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to allow the Hartford Core Bond ETF (the “Fund”), a series of the Hartford Funds Exchange-Traded Trust (the “Trust”), to expand the over-the-counter (“OTC”) derivative product types the Fund may

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

hold and also to allow the Fund to hold credit default swap indices that are either listed or OTC derivatives.

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/), 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 adopted a rule to permit the listing and trading the Shares.⁵ On February 20, 2020, the Exchange commenced trading in the Shares. The Exchange now proposes to continue listing and trading the Shares pursuant to Rule 14.11(i) and expand the realm of derivatives in which the Fund may invest pursuant to the Initial Filing and allow the Fund to hold credit default swap indices that are either listed or OTC derivatives. As proposed, the Shares would continue to comply with all of the generic listing standards with the exception of the requirement of Rule 14.11(i)(4)(C)(ii)(d),⁶ as

⁵ See Securities Exchange Act No. 88107 (January 31, 2020) 85 FR 6988 (February 6, 2020) (SR-CboeBZX-2020-008) (the "Initial Filing").

⁶ Rule 14.11(i)(4)(C)(ii)(d) provides that "component securities that in aggregate

described in the Initial Filing.

As noted in the Initial Filing, the Exchange proposed a Rule amendment in order to allow the listing and trading of the Shares which would not meet the requirements of Rule 14.11(i)(4)(C)(ii)(d), which requires that component securities that in aggregate account for at least 90% of the fixed income weight of the portfolio must satisfy at least one of five conditions. Therefore, the Exchange proposed that the fixed income portion of the portfolio excluding Non-Agency ABS and MBS⁷ would satisfy the 90% requirement. In the Initial Filing, the Exchange also provided that the Fund would generally invest up to 20%, but may exceed 20%, of its assets in cash and Cash Equivalents,⁸ certain listed

account for at least 90% of the fixed income weight of the portfolio must be either: (a) from issuers that are required to file reports pursuant to Sections 13 and 15(d) of the Act; (b) from issuers that have a worldwide market value of its outstanding common equity held by non-affiliates of \$700 million or more; (c) from issuers that have outstanding securities that are notes, bonds, debentures, or evidence of indebtedness having a total remaining principal amount of at least \$1 billion; (d) exempted securities as defined in Section 3(a)(12) of the Act; or (e) from issuers that are a government of a foreign country or a political subdivision of a foreign country.”

⁷ As noted in the Initial Filing, non-Agency ABS and MBS refers to non-agency, non-GSE (i.e., a type of financial services corporation created by the United States Congress, which include Fannie Mae and Freddie Mac), and privately-issued mortgage-related and other asset-backed securities.

⁸ As defined in Exchange Rule 14.11(i)(4)(C)(iii)(b), Cash Equivalents are short-term instruments with maturities of less than three months, which includes only the following: (i) U.S. Government securities, including bills, notes, and bonds differing as to maturity and rates of interest, which are either issued or guaranteed by the U.S. Treasury or by U.S. Government agencies or instrumentalities; (ii) certificates of deposit issued against funds deposited in a bank or savings and loan association; (iii) bankers acceptances, which are short-term credit instruments used to finance commercial transactions; (iv) repurchase agreements and reverse repurchase agreements; (v) bank time deposits, which are monies kept on deposit with banks or savings and loan associations for a stated period of time at a fixed rate of interest; (vi) commercial paper, which are short-term unsecured promissory notes; and (vii) money market funds.

derivatives,⁹ and certain OTC derivatives.¹⁰ Further, the Exchange provided that the Fund's holdings in cash and Cash Equivalents, listed derivatives, and OTC derivatives would be in compliance with all generic listing standards, including those in Rules 14.11(i)(4)(C)(iii), 14.11(i)(4)(C)(iv), 14.11(i)(4)(C)(v), and 14.11(i)(4)(C)(vi).

Pursuant to the Initial Filing the Fund is permitted to invest in the following listed derivatives:

- Treasury futures;
- U.S. interest rate futures; and
- Eurodollar futures.

Additionally, pursuant to the Initial Filing, the Fund is permitted to invest in the following OTC Derivatives:

- Interest rate swaps;
- Currency forwards; and
- Credit default swap indices.

Now, the Exchange proposes to amend that credit default swap indices will continue to be held by the Fund, but may be listed derivatives or OTC derivatives. Therefore, the Exchange proposes that the Fund may invest in the following listed derivatives:

- Treasury futures;
- U.S. interest rate futures;

⁹ As noted in the Initial Filing, listed derivatives include only the following instruments: Treasury futures, U.S. interest rate futures, and Eurodollar futures.

¹⁰ As noted in the Initial Filing, OTC derivatives include only the following instruments: interest rate swaps, currency forwards, and credit default swap indices.

- Eurodollar futures; and
- Credit default swap indices.

Additionally, the Exchange proposes to expand the types of OTC derivatives in which the Fund may invest to be the following instruments:

- Interest rate swaps and consumer price index (“CPI”) swaps, credit default swaps, and total return swaps;
- Interest rate options, options on interest rate swaps (“swaptions”), and options on credit default swaps;
- Currency forwards and bond forwards; and
- Credit default swap indices.¹¹

Rule 14.11(i)(4)(C)(v) is intended to mitigate concerns around the manipulability of a particular underlying reference asset or derivatives contract. As the proposal does not seek to allow the Fund to hold more than 20% of the weight of the portfolio (including gross notional exposures) in OTC derivatives, the Exchange believes the concerns around the manipulability of a particular underlying reference asset or derivatives contract are mitigated. Further, by allowing the Fund additional flexibility to further diversify its holdings to provide exposure to a broader array of OTC derivatives would allow the Fund to better achieve its investment objective, and, as such, benefit both investors and the Fund. As proposed, the Fund will continue to meet all generic listings standards related to OTC derivatives, including those in Rules 14.11(i)(4)(C)(v) and 14.11(i)(4)(C)(vi).

¹¹ As noted in the Initial Filing, intraday price quotations for OTC derivatives are available from major broker-dealer firms and from third-parties, which may provide prices free with a time delay or in real-time for a paid fee.

The Fund's investments, including those in derivatives, will continue to be consistent with the 1940 Act and the Fund's investment objective. Moreover, the Exchange represents that the Shares of the Fund will continue to comply with all other requirements applicable to Managed Fund Shares, which include the dissemination of key information such as the Disclosed Portfolio,¹² Net Asset Value,¹³ and the Intraday Indicative Value,¹⁴ suspension of trading or removal,¹⁵ trading halts,¹⁶ surveillance,¹⁷ minimum price variation for quoting and order entry,¹⁸ the information circular,¹⁹ and firewalls²⁰ as set forth in Exchange rules applicable to Managed Fund Shares and the orders approving such rules.

2. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act²¹ in general and Section 6(b)(5) of the Act²² 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

¹² See Rule 14.11(i)(4)(A)(ii) and 14.11(i)(4)(B)(ii).

¹³ See Rule 14.11(i)(4)(A)(ii).

¹⁴ See Rule 14.11(i)(4)(B)(i).

¹⁵ See Rule 14.11(i)(4)(B)(iii).

¹⁶ See Rule 14.11(i)(4)(B)(iv).

¹⁷ See Rule 14.11(i)(2)(C).

¹⁸ See Rule 14.11(i)(2)(B).

¹⁹ See Rule 14.11(i)(6).

²⁰ See Rule 14.11(i)(7).

²¹ 15 U.S.C. 78f(b).

²² 15 U.S.C. 78f(b)(5).

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 continued listing criteria in BZX Rule 14.11(i) with the exception of Rule 14.11(i)(4)(C)(ii)(d), as provided in the Initial Filing.

The Exchange believes the proposal to expand the types of derivatives in which the Fund may invest as discussed herein will allow the Fund additional flexibility to further diversify its holdings to better achieve its investment objective, and, as such, benefit both investors and the Fund. Further, as the proposal does not seek to allow the Fund to hold more than 20% of the weight of the portfolio (including gross notional exposures) in OTC derivatives, the Exchange believes the concerns around the manipulability of a particular underlying reference asset or derivatives contract are mitigated. The Exchange also believes the proposal to clarify that credit default swap indices that the Fund may hold may be listed or OTC derivatives will eliminate any potential investor confusion as to the types of derivatives the Fund may hold. Lastly, the Fund's investments in cash and Cash Equivalents, listed derivatives, and OTC derivatives will continue to be in compliance with all generic listing standards, including those in Rules 14.11(i)(4)(C)(iii), 14.11(i)(4)(C)(iv), 14.11(i)(4)(C)(v), and 14.11(i)(4)(C)(vi). The Fund will comply with all representations made in the Initial Filing, aside from the changes specifically discussed herein related to permitted derivatives.

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 strategy of an actively-managed exchange-traded product that will allow the Fund to better compete in the marketplace, thus enhancing 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 Act²³ and Rule 19b-4(f)(6)²⁴ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

²³ 15 U.S.C. 78s(b)(3)(A).

²⁴ 17 CFR 240.19b-4(f)(6).

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. Please include File Number SR-CboeBZX-2020-035 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-2020-035. 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-2020-035 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.²⁵

Secretary

²⁵ 17 CFR 200.30-3(a)(12).