

For example, by obtaining this information, the MSRB and other regulators will have access to more fulsome and useful market data to help inform their regulation of the municipal securities markets.

In approving the proposed rule change, the Commission has considered the proposed rule change's impact on efficiency, competition, and capital formation.¹⁵⁸ Section 15B(b)(2)(C) of the Act¹⁵⁹ requires that MSRB rules not be designed to impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Commission does not believe that the proposed rule change would impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, because it would apply equally to all dealers of new issues of municipal securities in primary offerings.

Furthermore, the Commission believes that the potential burdens created by the proposed rule change are likely to be outweighed by the benefits of increasing regulatory transparency in the primary offering process and secondary market trading. The Commission has reviewed the record for the proposed rule change and notes that the record does not contain any information to indicate that the proposed rule change would have a negative effect on capital formation. The Commission believes that the proposed rule change includes provisions that help promote efficiency. The amendments requiring that the senior syndicate manager to notify all members of the syndicate and selling group at the same time that the offering is free to trade, and requiring underwriters to provide access to advance refunding documents to the entire market at the same time, would promote efficiency in the market by reducing information asymmetry among market participants. Additionally, the amendments aligning the timeframes for the payment of group net sales credits and net designation sales credit would promote efficiency by reducing credit risk in the market.

As noted above, the Commission received three comment letters on the filing. The Commission believes that the MSRB, through its responses and through Amendment No. 1, has addressed commenters' concerns. For the reasons noted above, the Commission believes that the proposed rule change, as modified by Amendment No. 1, is consistent with the Act.

V. Solicitation of Comments on Amendment No. 1

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether Amendment No. 1 to the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use of the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-MSRB-2019-07 on the subject line.

Paper Comments

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

All submissions should refer to File Number SR-MSRB-2019-07. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the MSRB. 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-MSRB-2019-07 and should be submitted on or before July 24, 2019.

VI. Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 1

The Commission finds good cause for approving the proposed rule change, as

amended by Amendment No. 1, prior to the 30th day after the date of publication of notice of Amendment No. 1 in the **Federal Register**. As noted by the MSRB, Amendment No. 1 does not raise any significant issues with respect to the proposed rule change and only provides minor technical changes. The proposed rule change to MSRB Rule G-11(g)(iv) corrects an inadvertent drafting error and the proposed rule change to MSRB Rule G-11(k) aligns the current rule to existing industry practice and is directly responsive to comments received.

For the foregoing reasons, the Commission finds good cause for approving the proposed rule change, as modified by Amendment No. 1, on an accelerated basis, pursuant to Section 19(b)(2) of the Act.

VIII. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁶⁰ that the proposed rule change, as modified by Amendment No. 1 (SR-MSRB-2019-07) be, and hereby is, approved on an accelerated basis.

For the Commission, pursuant to delegated authority.¹⁶¹

Eduardo A. Aleman,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-86220; File No. SR-NYSEArca-2019-14]

Self-Regulatory Organizations; NYSE Arca, Inc.; Order Instituting Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change Relating to the Permitted Investments of the PGIM Ultra Short Bond ETF

June 27, 2019.

On March 13, 2019, NYSE Arca, Inc. ("Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to make certain changes to the listing rule for shares ("Shares") of the PGIM Ultra Short Bond ETF ("Fund"). The proposed rule change was published for comment in the **Federal**

¹⁶⁰ 15 U.S.C. 78s(b)(2).

¹⁶¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

¹⁵⁸ 15 U.S.C. 78c(f).

¹⁵⁹ 15 U.S.C. 78o-4(b)(2)(C).

Register on April 2, 2019.³ On May 10, 2019, pursuant to Section 19(b)(2) of the Act,⁴ the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to approve or disapprove the proposed rule change.⁵ The Commission has received no comment letters on the proposal. The Commission is publishing this order to institute proceedings pursuant to Section 19(b)(2)(B) of the Act⁶ to determine whether to approve or disapprove the proposed rule change.

I. Description of the Proposal

A. The Fund and the Shares

According to the Exchange, the investment objective of the Fund is to seek total return through a combination of current income and capital appreciation, consistent with preservation of capital. The Fund seeks to achieve its investment objective by investing primarily in a portfolio of U.S. dollar denominated short-term fixed, variable and floating rate debt instruments. Under normal market conditions,⁷ the Fund invests at least 80% of its net assets (plus any borrowings for investment purposes) in a portfolio of financial instruments consisting of (1) the Principal Investment Instruments (as defined in the First Prior Order); and (2) derivatives (as described in the Prior Orders) that (a) provide exposure to such Principal Investment Instruments, or (b) are used to enhance returns, manage portfolio duration, or manage the risk of securities price fluctuations, as described in the Prior Orders.⁸

The Shares commenced trading on the Exchange on April 10, 2018, pursuant to the generic listing standards under Commentary .01 to NYSE Arca Rule 8.600-E (“Managed Fund Shares”).⁹

³ See Securities Exchange Act Release No. 85430 (Mar. 27, 2019), 84 FR 12646 (Apr. 2, 2019) (“Notice”).

⁴ 15 U.S.C. 78s(b)(2).

⁵ See Securities Exchange Act Release No. 85829 (May 10, 2019), 84 FR 22221 (May 16, 2019). The Commission designated July 1, 2019, as the date by which the Commission shall approve or disapprove, or institute proceedings to determine whether to approve or disapprove, the proposed rule change.

⁶ 15 U.S.C. 78s(b)(2)(B).

⁷ The term “normal market conditions” is defined in NYSE Arca Rule 8.600-E(c)(5).

⁸ The terms “First Prior Order” and “Prior Orders” are defined *infra* at note 10.

⁹ A Managed Fund Share is a security that represents an interest in an investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1) organized as an open-end investment company or similar entity that invests in a portfolio of securities selected by its investment adviser consistent with its investment objectives and policies. In contrast, an open-end investment

Since then, the Exchange has proposed—and the Commission has approved—two proposed rule changes to expand the permitted investments of the Fund beyond what is permitted under the generic listing requirements.¹⁰ By the instant proposed rule change, the Exchange proposes to again amend the listing rule applicable to the Shares.

B. The Proposed Modifications to the Shares’ Listing Rule

The Exchange proposes to amend two requirements of the Shares’ current listing rule as set forth in the First Prior Order, namely the requirements that: (1) The Fund’s investments in non-U.S. Government, non-agency, non-GSE and other privately issued asset backed securities (including mortgage-backed securities) (“Private ABS/MBS”) are limited to 20% of the total assets of the Fund;¹¹ and (2) the Fund may invest only 10% of its total assets in fixed income securities that do not satisfy the criteria of Commentary .01(b)(4) to NYSE Arca Rule 8.600-E.¹²

The Exchange proposes to modify the Fund’s current limit on Private ABS/MBS by removing collateralized debt

company that issues Investment Company Units, listed and traded on the Exchange under NYSE Arca Rule 5.2-E(j)(3), seeks to provide investment results that correspond generally to the price and yield performance of a specific foreign or domestic stock index, fixed income securities index or combination thereof.

¹⁰ See Securities Exchange Act Release Nos. 83319 (May 24, 2018), 83 FR 25097 (May 31, 2018) (SR-NYSEArca-2018-15) (“First Prior Order”); and 84818 (December 13, 2018) (SR-NYSEArca-2018-75) (together with the First Prior Order, “Prior Orders”).

¹¹ At the time the proposed rule change was filed, Commentary .01(b)(5) to NYSE Arca Rule 8.600-E provided that non-agency, non-government sponsored entity and privately issued mortgage-related and other asset-backed securities components of a portfolio may not account, in the aggregate, for more than 20% of the weight of the fixed income portion of the portfolio. Recently, however, the Exchange amended Commentary .01(b)(5) to NYSE Arca Rule 8.600-E, and it now provides that non-agency, non-government sponsored entity and privately issued mortgage-related and other asset-backed securities components of a portfolio may not account, in the aggregate, for more than 20% of the weight of the portfolio. See Securities Exchange Act Release No. 86017 (June 3, 2019), 84 FR 26711 (June 7, 2019) (SR-NYSEArca-2019-06).

¹² Commentary .01(b)(4) requires that 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.

obligations (“CDOs”)¹³ from the definition of Private ABS/MBS and by allowing the Fund to invest up to 20% of its total assets in CDOs. Therefore, the Exchange is proposing to allow up to 40% of the Fund’s portfolio to be composed of what had previously been defined as Private ABS/MBS. The Exchange asserts that ability to invest up to 20% of the Fund’s portfolio CDOs would help the Fund maintain portfolio diversification and would reduce manipulation risk.¹⁴ The Exchange argues that CDOs can be distinguished from asset backed securities (“ABS”) because CDOs are collateralized by bank loans or by corporate or government fixed income securities, while ABS are collateralized by consumer and other loans (including student loans) made by non-bank lenders.¹⁵ Additionally, the Exchange states that the Fund’s investments in CDOs would be subject to the Fund’s liquidity procedures, and that the Fund’s investment adviser does not expect that such investments would materially impact the liquidity of the Fund’s investments.¹⁶

Additionally, with respect to the requirement the Fund may invest only up to 10% of its total assets in fixed income securities that do not satisfy the criteria of Commentary .01(b)(4), the Exchange proposes that the Fund’s Private ABS/MBS (which may constitute up to 20% of the portfolio) and CDOs (which also may constitute up to 20% of the portfolio) would not count toward that 10% limit. As a result, up to 50% of the Fund’s fixed income securities might not satisfy the criteria in Commentary .01(b)(4). The Exchange argues that this alternative limit is appropriate because the criteria in Commentary .01(b)(4) “do not appear to be designed for structured finance vehicles such as Private ABS/MBS.”¹⁷

The Exchange proposes no other changes to the Shares’ listing rule.

¹³ The Exchange defines CDOs as collateralized loan obligations (“CLOs”) and collateralized bond obligations (“CBOs”). The Exchange defines CLOs as securities issued by a trust or other special purpose entity that are collateralized by a pool of loans by U.S. banks and participations in loans by U.S. banks that are unsecured or secured by collateral other than real estate. The Exchange defines CBOs as securities issued by a trust or other special purpose entity that are backed by a diversified pool of fixed income securities issued by U.S. or foreign governmental entities or fixed income securities issued by U.S. or corporate issuers.

¹⁴ See Notice, *supra* note 3, 84 FR at 12647–48.

¹⁵ See *id.* at 12647, n.12.

¹⁶ See *id.* at 12648.

¹⁷ *Id.*

II. Proceedings To Determine Whether To Approve or Disapprove SR–NYSEArca–2019–14 and Grounds for Disapproval Under Consideration

The Commission is instituting proceedings pursuant to Section 19(b)(2)(B) of the Act¹⁸ to determine whether the proposed rule change should be approved or disapproved. Institution of such proceedings is appropriate at this time in view of the legal and policy issues raised by the proposed rule change. Institution of proceedings does not indicate that the Commission has reached any conclusions with respect to any of the issues involved. Rather, as described below, the Commission seeks and encourages interested persons to provide comments on the proposed rule change.

Pursuant to Section 19(b)(2)(B) of the Act,¹⁹ the Commission is providing notice of the grounds for disapproval under consideration. The Commission is instituting proceedings to allow for additional analysis of the proposed rule change's consistency with Section 6(b)(5) of the Act, which requires, among other things, that the rules of a national securities exchange be "designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade," and "to protect investors and the public interest."²⁰

The Commission asks that commenters address the sufficiency of the Exchange's statements in support of the proposal, which are set forth in the Notice,²¹ in addition to any other comments they may wish to submit about the proposed rule change. In particular, the Commission seeks comment on the following questions and asks commenters to submit data where appropriate to support their views.

If the listing rule for the Shares were amended as proposed, would the listing rule continue to ensure that a substantial portion of the Fund's portfolio consists of fixed income securities for which information is publicly available? If not, are there reasons why it may not be necessary that information be publicly available for Private ABS/MBS and CDOs (as distinguished from other types of fixed income securities)?

Would the proposed increased investment in Private ABS/MBS and CDOs by the Fund increase the susceptibility of the Shares to

manipulation? If so, why; if not, why not? If the Fund's permitted investments were expanded to the extent proposed, would any other restrictions on the Fund's permitted investments be appropriate in order for the proposed rule change to be consistent with Section 6(b)(5) of the Act?

III. Procedure: Request for Written Comments

The Commission requests that interested persons provide written submissions of their views, data, and arguments with respect to the issues identified above, as well as any other concerns they may have with the proposal. In particular, the Commission invites the written views of interested persons concerning whether the proposal is consistent with Section 6(b)(5) or any other provision of the Act, or the rules and regulations thereunder. Although there do not appear to be any issues relevant to approval or disapproval that would be facilitated by an oral presentation of views, data, and arguments, the Commission will consider, pursuant to Rule 19b-4, any request for an opportunity to make an oral presentation.²²

Interested persons are invited to submit written data, views, and arguments regarding whether the proposal should be approved or disapproved by July 24, 2019. Any person who wishes to file a rebuttal to any other person's submission must file that rebuttal by August 7, 2019. The Commission asks that commenters address the sufficiency of the Exchange's statements in support of the proposal, in addition to any other comments they may wish to submit about the proposed rule change.

Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR–NYSEArca–2019–14 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange

²² Section 19(b)(2) of the Act, as amended by the Securities Act Amendments of 1975, Public Law 94–29 (June 4, 1975), grants the Commission flexibility to determine what type of proceeding—either oral or notice and opportunity for written comments—is appropriate for consideration of a particular proposal by a self-regulatory organization. See Securities Act Amendments of 1975, Senate Comm. on Banking, Housing & Urban Affairs, S. Rep. No. 75, 94th Cong., 1st Sess. 30 (1975).

Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to File Number SR–NYSEArca–2019–14. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–NYSEArca–2019–14 and should be submitted by July 24, 2019. Rebuttal comments should be submitted by August 7, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²³

Eduardo A. Aleman,

Deputy Secretary.

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SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #15982 and #5983; Arkansas Disaster Number AR–00104]

Presidential Declaration Amendment of a Major Disaster for the State of Arkansas

AGENCY: U.S. Small Business Administration.

ACTION: Amendment 2.

²³ 17 CFR 200.30–3(a)(57).

¹⁸ 15 U.S.C. 78s(b)(2)(B).

¹⁹ *Id.*

²⁰ 15 U.S.C. 78f(b)(5).

²¹ See Notice, *supra* note 3.