

NYSE ARCA PRIMARY LISTINGS

Lead Market Maker Allocation Policy and Procedures

Table of Contents

Purpose	iii
Exceptions Due to Unusual Circumstances	iii
Listing Company Choice	iii
Membership Requirements	iii
Issuer Selection of LMM: Application, Interview and Selection	iv
Contact between Listing Companies and LETP Firms	v
Assigning LMMs When there is One Applicant	v
Change of LMM Upon Request of Issuer or LMM	vi
LMMs Failing to Meet Performance Requirements	vii

Purpose

This document sets forth the policies and procedures of NYSE Arca Inc. (“NYSE Arca” or the “Exchange”) in assigning a Lead Market Maker (“LMM”) for listed Exchange Traded Products (the “Policy”).¹ This Policy is not applicable to common equities, options or equivalent securities. This Policy shall not supersede or be contrary to the federal securities laws or existing SEC and NYSE Arca Equities rules. The Exchange will work with Sponsors or Issuers and prospective LMMs to facilitate the selection process.

Exceptions Due to Unusual Circumstances

NYSE Arca has the authority to adopt a revised selection policy for Issuers in the event of unusual circumstances.

Listing Company Choice

As a service of listing with the Exchange, the Issuer will have the Exchange initiate a process through which the Issuer interviews LMMs and expresses its preference to the Exchange.

Membership Requirements

To be eligible to apply to become a LMM in a given security, a broker/dealer must be an approved Exchange Equity Trading Permit (“ETP”) holder and also be an approved holder of an Exchange Market Maker Equity Trading Permit (“METP”) / Lead Market Maker Equity Trading Permit (“LETP”). As part of the METP/LETP application process, a firm must specify at least one Market Maker Authorized Trader (“MMAT”). The broker/dealer is responsible for meeting the market maker obligations as set forth in the Exchange’s market maker rules applicable to the particular Exchange Traded Product.

ETP applications, along with information about firm requirements, can be found online at: [NYSE Arca Equities ETP Applications and Agreements](#)

In addition, METP/LETP applications, along with information about the firm requirements, can be found online at: [Application for Market Maker Registration](#). Any questions about membership or market maker applications may be directed to the NYSE Client Relationship Services (“CRS”) at crs@nyse.com or 888-689-7739, option 3.

Upon receiving an METP/LETP application, CRS will review the application for completeness and submit it to FINRA, which will perform the application review. FINRA’s application review includes, among other things, a review of the firm’s net capital sufficiency², a background check on all MMAT applicants, and a review the firm’s Information Barriers and Written Supervisory Procedures. Additionally, the Exchange

¹ The term “Exchange Traded Products” includes securities described in NYSE Arca Equities Rules 5.2(j)(1) (Other Securities), 5.2(j)(2) (Equity Linked Notes), 5.2(j)(3) (Investment Company Units); 5.2(j)(4) (Index-Linked Exchangeable Notes), Rule 5.2(j)(6) (Equity Index-Linked Securities, Commodity-Linked Securities and Currency-Linked Securities), 8.3 (Currency and Index Warrants), 8.100 (Portfolio Depositary Receipts); 8.200 (Trust Issued Receipts); 8.201 (Commodity-Based Trust Shares); 8.202 (Currency Trust Shares); 8.203 (Commodity Index Trust Shares); 8.204 (Commodity Futures Trust Shares); 8.300 (Partnership Units); 8.400 (Paired Trust Shares); 8.500 (Trust Units); and 8.600 (Managed Fund Shares).

² The candidate must satisfy the capital requirements specified in NYSE Arca Equities Rule 4.1. Note that any LETP that also engages in NYSE specialist activity must also satisfy the capital requirements set forth in NYSE Rule 104.

will assess the firm's readiness to perform as a LMM using a pre-defined technology screening checklist ("NYSE Arca LMM Certification Test"). The test will be conducted by the NYSE Connectivity team. Any questions regarding this test may be directed to the NYSE Connectivity team at So-Connectivity@TheIcse.com or 888-689-7739, option 1. The test will ensure a firm's system supports the following functionality:

- Basic limit order entry and receipt
- Automated entry of continuous two-sided quotes (Q Orders or Displayed Limit Order with MMID present in the Sender sub ID Field 'fix tag 50')
- Participation in all IPO, opening, and closing auctions
- View of ArcaBook datafeed (if applicable)

Once a firm is approved as an LETP, it will receive all "Green Sheet" postings (described below) via electronic-mail and will be eligible to apply to become the LMM in a particular security that is to be primarily listed on NYSE Arca. LMM applications for individual securities will require basic firm information. At least one MMAT must be specified on the LMM application; however, a firm may identify more than one MMAT for a particular security.

All ETP, METP/LETP, and MMAT applications will be received and assessed by the Exchange's CRS team. As part of the review and approval process, CRS works with FINRA to ensure the firm meets all Exchange rules and criteria for approval.

Issuer Selection of LMM: Application, Interview and Selection

If the Issuer selects to initiate the selection/interview process, the Exchange will use the procedures set forth below to govern the selection of the LMM.

5.1 Solicitation of LMM Applications

When a security (e.g., Exchange-traded fund) is to be initially listed or re-allocated, the Exchange will issue a notice, commonly referred to as a "Green Sheet" notice, to all LETP firms indicating it is accepting LMM applications for the given security. LMM Applications can be found online at nyse.com/etplmm. The LMM application is a part of the METP/LETP application, sections 7 and 8. The application deadline shall be specified on the Green Sheet notification and generally be two to five business days from the date of notice.

Applications may be submitted electronically to ETP-LMMGreensheet@nyse.com

Please note that a firm must be an approved LETP prior to applying to become an LMM. As a general rule and absent special circumstances, NYSE Arca will not process a firm's LETP and LMM applications simultaneously.

All LMM applicants must provide contact information for a LMM Designee, a single person, who will act as the primary point of contact for the Issuer. The LMM Designee may be the MMAT or another individual who is knowledgeable about the NYSE Arca trading environment, the MMAT's trading activity, and can adequately respond to inquiries from the Issuer about trading behavior in the security.

5.2 Interviews

Once the LMM applicants have been determined, the Exchange will host interviews between the Issuer and representatives from each firm. The LMM applicant's LMM Designee should be present at the interview. The Issuer shall not have the option to opt out of LMM interviews if there is more than one applicant.

Meetings shall normally be held by teleconference. At least one representative of the Issuer must be a senior officer, duly authorized to so act on behalf of the Issuer. LMM participants in the meeting must each be employees of the firm, and one of whom must be the LMM Designee.

5.3 Issuer Communication of Selection

As soon as practicable, following its meeting with representatives of the LMM applicants, the Issuer shall indicate the LMM it prefers in writing, signed by a senior officer, duly authorized to so act on behalf of the Issuer.

The Exchange shall then confirm the allocation of the security to that LMM, at which time the security shall be deemed to have been so allocated. The Exchange shall send a notification to all LMM applicants indicating the stock has been allocated and shall identify the LMM to which the stock is allocated.

Contact between Listing Companies and LETP Firms

6.1 Contact disclosure guidelines prior to the assignment of an LMM

LETPs must disclose in their LMM applications any contacts they, or any individual acting on their behalf, has had with any employee of that Issuer, or any individual acting on behalf of that Issuer with regard to the prospective listing on the Exchange, occurring within six months prior to the date that allocation applications are solicited with respect to that security.

6.2 Regulation FD and prohibited communication guidelines between Issuer and LMM, MMATs and LETP

All parties are reminded of obligations under Regulation Fair Disclosure ("FD"). In the event that an officer, director, employee, affiliate or representative of the Issuer inadvertently provides material non-public information to any affiliate, associate, or member, the MMAT, LMM, LETP or official must immediately end the conversation and contact Mary Brienza, Chief Regulatory Officer, NYSE Regulation, Inc. ("NYSER"), at (212) 656-2870 (Mary.Brienza@theice.com). Furthermore, the Exchange, at its sole discretion and determination, may halt trading in the Issuer's securities pending full dissemination of the material news based upon any and all relevant factors.

Assigning LMMs When there is One Applicant

If there is one LETP applicant to become an LMM for a given security, the Issuer can elect to by-pass the interview and select the LMM through mutual consent.

Change of LMM Upon Request of Issuer or LMM

An Issuer or LMM requesting a change in allocation shall submit a written request (the "Reallocation Request") by mail or email to the Global Index and Exchange Traded Products, as follows:

Global Index and Exchange Traded Product Group
11 Wall Street, 15th Floor
New York, NY 10005
ETF@nyse.com

A copy of the Reallocation Request shall also be provided by mail and email to NYSER, as follows

Regulatory Policy and Management Group
11 Wall Street, 20th Floor
New York, NY 10005
Regulatory-NYSERPM@TheIcse.com

The Reallocation Request must state the specific reason(s) for the reallocation request and state whether the Issuer or LMM would like to end its participation in the LMM Program. In the case of an Issuer reallocation request, the letter cannot specify the name of a desired new LMM, since the new LMM assignment is subject to the reallocation process.

The procedures for handling of an Issuer or LMM requested reallocation are as follows:

- a) The Exchange will notify the non-initiating party of the request and provide them with an opportunity to respond in writing to the Exchange.
- b) The Exchange will conduct a review of the LMM performance, trading and any communication issues between the Issuer and LMM.
- c) The Exchange will work with the Issuer and/or LMM to attempt to mediate and resolve the issues leading to the request for change, or the Exchange shall determine to proceed with a new allocation. This process shall not take more than three months.
- d) If, after not more than three months and attempted resolution, the Issuer and/or LMM still wishes to initiate a change of LMM, the Exchange will respond to the request in consideration of all facts and circumstances presented, consistent with its obligations under the Securities Exchange Act of 1934 to maintain a fair and orderly market, provided that, before the Exchange responds to the reallocation request, it confirms with NYSER that there are no regulatory issues associated with the reallocation

request. NYSE shall review the Reallocation Request and any Issuer or LMM response and may consider all relevant regulatory issues, including without limitation whether the requested change appears to be in aid or furtherance of conduct that is illegal or violates Exchange rules, or in retaliation for a refusal by an LMM to engage in conduct that is illegal or violates Exchange rules. NYSE will advise the Exchange if it identifies a regulatory issue related to the reallocation request that may impact the approval of the reallocation or if the request should be denied. If NYSE identifies a regulatory issue, it may take the matter to the Financial Industry Regulatory Authority ("FINRA") or the SEC for further regulatory action.

- e) Notwithstanding the foregoing, NYSE can review reallocations requests at any time upon request of the Exchange or on its own initiative if a particular reallocation requests raises regulatory issues or Exchange rules or the federal securities laws potentially have been violated.

LMMs Failing to Meet Performance Requirements

LMM are notified daily, by email until such time as a web tool can be provided, of their daily and month-to-date performance as an LMM in a particular security. Please refer to the "Lead Market Maker Requirements" document for liquidity provision guidelines.

Although the requirements are daily, at the end of each month the LMM's performance is reviewed against the liquidity guidelines.

9.1 Procedures and Permitted Activities for LMM operating under probationary circumstances

For one calendar month following the month in which the performance standards were not met, the LMM will continue as LMM but under probationary circumstances. The following policies will apply to an LMM operating under probationary circumstances:

- a) The Issuer will be notified in writing of the LMM's probationary status at the time the LMM is operating on probationary circumstances.
- b) The LETP and MMAT must continue to be supportive of the Exchange and purpose of the LMM program with Issuers and external parties.

9.2 Review at the end of Probation for a LMM

A LMM on probation is subject to review at the end of the probation period which is one calendar month from the start of probation. If the LMM's performance continues to fail the liquidity guidelines for the probation period, the LMM and the Issuer will be notified in writing of the LMMs failure and a new LMM allocation will immediately commence. The selection procedures in Section 6, above, will be used to select a new LMM. From time to time exceptions may be granted by the Exchange.

In the event that the LMM fails to meet the liquidity guidelines for two consecutive months, the LMM will be notified of its liquidity performance failure and a new LMM allocation will commence. If however, there is no recent history (within the last two months) of another qualified LETP exceeding the performance of the current LMM or a

belief by the exchange that one will step forward, then the Exchange will proceed at its discretion which may include extending the probation period. Factors may include but not be limited to frequency and/or severity of performance failures, market conditions as well as the ability and willingness of alternative LETPs to takeover the allocation will contribute to the Exchange's decision. Extended probation periods will include a monthly review as described to determine the appropriateness of commencing a new LMM allocation.

The selection procedures in Section 6, above, will be used to select a new LMM. During any interview process, the Exchange reserves the right to notify Issuers seeking an LMM, if any, of the LMM applicants currently on probation or pending reallocations.

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