



Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change to List and Trade the Shares of the Teucrium Water Fund under NYSE Arca Rule 8.200-E, Commentary .02

December 8, 2020.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the “Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that, on November 25, 2020, NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) 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 self-regulatory organization. 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 to list and trade the shares of the following under NYSE Arca Rule 8.200-E, Commentary .02 (“Trust Issued Receipts”): Teucrium Water Fund. The proposed change is available on the Exchange’s website at www.nyse.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization 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 those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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

1. Purpose

The Exchange proposes to list and trade shares (“Shares”) of the following under NYSE Arca Rule 8.200-E, Commentary .02, which governs the listing and trading of Trust Issued Receipts: Teucrium Water Fund (the “Fund”).⁴

The Fund is a series of Teucrium Commodity Trust (the “Trust”), a Delaware statutory trust.⁵ The Fund is managed and controlled by Teucrium Trading, LLC (“Teucrium Trading” or the “Sponsor”). Teucrium Trading is registered as a commodity pool operator (“CPO”) and a commodity trading adviser (“CTA”) with the Commodity Futures Trading Commission (“CFTC”) and is a member of the National Futures Association (“NFA”). Foreside Fund Services, LLC will be the Fund’s distributor (“Distributor”). In its capacity as the Custodian for the Fund, U.S. Bank, N.A. (“U.S. Bank”) may hold the Fund’s securities and cash and/or cash equivalents pursuant to a custodial agreement (the “Custodian”). U.S. Bancorp Fund Services, LLC, (“U.S. Bancorp”) will be the Fund’s “Transfer Agent.” In addition, in its capacity as Administrator for the Fund, U.S. Bancorp (the “Administrator”) will perform certain administrative and accounting services for the Fund and prepare certain Commission and CFTC reports on behalf of the Fund.

⁴ Commentary .02 to NYSE Arca Rule 8.200-E applies to Trust Issued Receipts that invest in “Financial Instruments.” The term “Financial Instruments,” as defined in Commentary .02(b)(4) to NYSE Arca Rule 8.200-E, means any combination of investments, including cash; securities; options on securities and indices; futures contracts; options on futures contracts; forward contracts; equity caps, collars, and floors; and swap agreements.

⁵ On September 21, 2020, the Trust filed with the Commission a registration statement on Form S-1 under the Securities Act of 1933 (15 U.S.C. 77a) (“Securities Act”) relating to the Fund (File No. 333-248948) (the “Registration Statement”). The description of the operation of the Trust and the Fund herein is based, in part, on the Registration Statement.

The Fund's Investment Objective and Strategy

The investment objective of the Fund is for changes in the Shares' Net Asset Value ("NAV") to reflect the changes of the price of water rights in the state of California, as measured by the Fund's Benchmark (as defined below). The Benchmark is a weighted average of the closing settlement prices for three equally weighted Nasdaq Veles California Water index futures contracts ("Benchmark Component Futures Contracts") that are traded on the Chicago Mercantile Exchange Inc. ("CME").⁶ Nasdaq Veles California Water index futures contracts will be financially settled and will trade eight consecutive quarterly contracts (March, June, September and December) plus the two nearest serial months which are not included in the quarterly contracts. Settlement for each futures contract will occur the third Wednesday of the expiration month.

The Benchmark will have three components, consisting of equally weighted Nasdaq Veles California Water index futures contracts selected from the following contract months: May, June, July, August and September. The Benchmark will always hold a June contract month. The Benchmark will roll upon the expiration of the February, May, June, July and August contract months. See grid below for the full futures rolls and holdings. The Benchmark is not designed to track the spot price of water or water rights.

Annual Roll Schedule

⁶ According to the Registration Statement, futures contracts are agreements between two parties that are executed on a designated contract market ("DCM"), i.e., a commodity futures exchange, and that are cleared and margined through a derivatives clearing organization ("DCO"), i.e., a clearing house. One party agrees to buy a commodity such as water from the other party at a later date at a price and quantity agreed upon when the contract is made. In market terminology, a party who purchases a futures contract is long in the market and a party who sells a futures contract is short in the market. The contractual obligations of a buyer or seller may generally be satisfied by taking or making physical delivery of the underlying commodity or by making an offsetting sale or purchase of an identical futures contract on the same or linked exchange before the designated date of delivery. The difference between the price at which the futures contract is purchased or sold and the price paid for the offsetting sale or purchase, after allowance for brokerage commissions, constitutes the profit or loss to the trader.

Roll Month	Old Contract	New Contract	Holdings Post Roll
February	September	May	May, June (1 st to expire), June (2 nd to expire)*
May	May	July	June (1 st to expire), July, June (2 nd to expire)
June	June	August	July, August, June (2 nd to expire)
July	July	September (2 nd to expire)	August, June (1 st to expire), September (2 nd to expire)
August	August	June (2 nd to expire)	June (1 st to expire), September, June (2 nd to expire)

*1st to expire – The contract month available for investment that is going to expire first; 2nd to expire – The contract month available for investment that is going to expire second.

According to the Registration Statement, the Nasdaq Veles California Water Index was designed to provide water market participants with a price for water through verifiable price discovery. The index sets a weekly benchmark spot price of water rights in California, based on the volume-weighted average of the transaction price in California’s five largest and most actively traded water markets.

In seeking to achieve the Fund’s investment objective, the Sponsor will employ a “neutral” investment strategy that is intended to track the changes in the Benchmark regardless of whether the Benchmark goes up or goes down. According to the Registration Statement, the Fund will endeavor to trade in Benchmark Component Futures Contracts so that the Fund’s average daily tracking error against the Benchmark will be less than 10 percent over any period of 30 trading days. According to the Registration Statement, the Fund’s “neutral” investment strategy is designed to permit investors generally to purchase and sell the Fund’s Shares for the purpose of investing indirectly in the California water market. Such investors may include

participants in the agricultural industry and other industries seeking to hedge the risk of losses in their water related transactions, as well as investors seeking exposure to the water market.

The Fund will seek to achieve its investment objective by investing in Benchmark Component Futures Contracts. Under normal market conditions,⁷ the Fund expects that 100% of the Fund's assets will be invested in Benchmark Component Futures Contracts and in cash and cash equivalents, such as short-term Treasury Bills, money market funds, demand deposit accounts and commercial paper. The Fund may, to a lesser extent, obtain exposure to the Benchmark through investment in over-the-counter ("OTC") swap agreements, OTC forward contracts, both exchange-listed and OTC options, exchange-listed futures and exchange-listed options on futures. Not more than 10% of the net assets of the Fund in the aggregate invested in exchange-traded futures contracts or exchange-traded options on futures shall consist of futures contracts or options on futures whose principal market is not a member of the Intermarket Surveillance Group ("ISG") or is a market with which the Exchange does not have a comprehensive surveillance sharing agreement ("CSSA").⁸

According to the Registration Statement, the price of water, over time, fluctuates based on a number of market factors, including demand for water relative to its supply. The value of Benchmark Component Futures Contracts likewise will fluctuate in reaction to a number of market factors. Because the Fund seeks to maintain its holdings in Benchmark Component Futures Contracts with a roughly constant expiration profile, the Fund's positions are changed or "rolled" on a regular basis in order to track the changing nature of the Benchmark by closing out

⁷ The term "normal market conditions" includes, but is not limited to, the absence of: trading halts in the applicable financial markets generally; operational issues (e.g., systems failure) causing dissemination of inaccurate market information; or force majeure type events such as natural or manmade disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance. See NYSE Arca Rule 8.600-E(c)(5).

⁸ For a list of the current members of ISG, see www.isgportal.org. The Exchange notes that not all components of the Fund may trade on markets that are members of ISG or with which the Exchange has in place a CSSA.

soon to expire contracts that are no longer part of the Benchmark and entering into subsequent to expire contracts. One factor determining the total return from investing in futures contracts is the price relationship between soon to expire contracts and later to expire contracts.

According to the Registration Statement, if the futures market is in a state of backwardation (i.e., when the price of water in the future is expected to be less than the current price), the Fund will buy later to expire contracts for a lower price than the sooner to expire contracts that it sells. Hypothetically, and assuming no changes to either prevailing water prices or the price relationship between soon to expire contracts and later to expire contracts, the value of a contract will rise as it approaches expiration. Over time, if backwardation remained constant, the differences would continue to increase. If the futures market is in contango, the Fund will buy later to expire contracts for a higher price than the sooner to expire contracts that it sells. Hypothetically, and assuming no other changes to either prevailing water prices or the price relationship between the spot price, soon to expire contracts and later to expire contracts, the value of a contract will fall as it approaches expiration. Over time, if contango remained constant, the difference would continue to increase. Frequently, whether contango or backwardation exists is a function, among other factors, of the seasonality of the underlying market and government policy.

Overview of the Water Market

According to the Registration Statement, water is the natural resource required to sustain all life on the planet, arguably making it the most important commodity on Earth. U.S. water usage falls into three major categories: residential, agricultural and industrial use. Therefore, a primary challenge confronting the United States, particularly the Western States, is water scarcity which can be attributed to increased demand from population growth, economic expansion, agricultural production, and climate change resulting in rapidly changing and variable weather patterns.

The U.S. ranks first globally in per capita water consumption and second globally in total water consumption behind only China. California ranks first in U.S. demand. Competition continues to increase between domestic use, agriculture, and industrial use. Food production and urban expansion could both be threatened by water scarcity, and it is becoming increasingly difficult and expensive to balance the water needs of farmers growing crops in many parts of the country with water demands created by expanding urban population centers. As water availability becomes increasingly variable, state and local governments will have increasing roles in rationing and disbursing water.

California is one of the most active water trading markets in the U.S. Water prices tend to trade in cycles generally tied to rain/snowfall patterns. Western States receive most annual precipitation from winter storms. Beyond that they must rely on spring rainstorms. Western statewide precipitation occurs from November through March. Approximately half occurs from December through February, coinciding with winter storms. A few storms during the winter season can determine if the year will be wet or dry. Droughts occur when dry conditions persist long enough to impact natural water levels. Water trading has become a fast-growing activity throughout the Western United States; California, Washington, Arizona, Colorado, and Texas are among the most active places where water rights are transacted. As climate change continues to impact the planet, urban, industrial and agricultural expansion will likely increase the demand for water, increasing the need for the most efficient allocation of water possible among competing users. The trading of water rights is a practical and effective tool available to all participants in their continued efforts at securing water.

Net Asset Value

According to the Registration Statement, the Fund's NAV per Share will be calculated by taking the current market value of its total assets, subtracting any liabilities, and dividing that total by the number of Shares.

The Administrator of the Fund will calculate the NAV once each trading day, as of the earlier of the close of the New York Stock Exchange or 4:00 p.m. Eastern Standard Time (EST).

To determine the value of Benchmark Component Futures Contracts, the Fund's Administrator will use the Benchmark Component Futures Contract settlement price on the exchange on which the contract is traded, except that the "fair value" of Benchmark Component Futures Contracts (as described in more detail below) may be used when Benchmark Component Futures Contracts close at their price fluctuation limit for the day. The Fund's Administrator will determine the value of all other Fund investments as of the earlier of the close of the New York Stock Exchange or 4:00 p.m. EST. The value of over the counter water interests will be determined based on the value of the commodity or futures contract underlying such water interest, except that a fair value may be determined if the Fund's Sponsor believes that the Fund is subject to significant credit risk relating to the counterparty to such water interest. The Fund's NAV will include any unrealized profit or loss on open water interests and any other credit or debit accruing to the Fund but unpaid or not received by the Fund.

The fair value of a water interest will be determined by the Fund's Sponsor in good faith and in a manner that assesses the water interest's value based on a consideration of all available facts and all available information on the valuation date. When a Benchmark Component Futures Contract has closed at its price fluctuation limit, the fair value determination will attempt to estimate the price at which such Benchmark Component Futures Contract would be trading in the absence of the price fluctuation limit (either above such limit when an upward limit has been reached or below such limit when a downward limit has been reached). Typically, this estimate will be made primarily by reference to the price of comparable water interests trading in the over the counter market. The fair value of a water interest may not reflect such security's market value or the amount that the Fund might reasonably expect to receive for the water interest upon its current sale.

Indicative Fund Value

In order to provide updated information relating to the Fund for use by investors and market professionals, ICE Data Indices, LLC will calculate an updated “Indicative Fund Value” (“IFV”). The IFV will be calculated by using the prior day’s closing NAV per Share of the Fund as a base and will be updated throughout the Core Trading Session of 9:30 a.m. E.T. to 4:00 p.m. E.T. to reflect changes in the value of the Fund’s water interests during the trading day.

The IFV will be disseminated on a per Share basis every 15 seconds during the Exchange’s Core Trading Session and be widely disseminated by one or more major market data vendors during the NYSE Arca Core Trading Session.⁹

Creation and Redemption of Shares

According to the Registration Statement, the Shares issued by the Fund may only be purchased by Authorized Purchasers and only in blocks of 10,000 Shares called “Creation Baskets.” The amount of the purchase payment for a Creation Basket is equal to the total NAV of Shares in the Creation Basket. Similarly, only Authorized Purchasers may redeem Shares and only in blocks of 10,000 Shares called “Redemption Baskets.” The amount of the redemption proceeds for a Redemption Basket is equal to the total NAV of Shares in the Redemption Basket. The purchase price for Creation Baskets and the redemption price for Redemption Baskets are the actual NAV calculated at the end of the business day when a request for a purchase or redemption is received by the Fund.

“Authorized Purchasers” will be the only persons that may place orders to create and redeem Creation Baskets. Authorized Purchasers must be (1) either registered broker-dealers or other securities market participants, such as banks and other financial institutions, that are not

⁹ Several major market data vendors display and/or make widely available IFVs taken from the CTA or other data feeds. In addition, the normal trading hours for Water Futures Contracts on CME are generally shorter than those of NYSE Arca. As a result, there is a gap in time at the beginning and the end of each day during which the Fund’s Shares are traded on NYSE Arca, but real-time CME trading prices for Water Futures Contracts are not available. During such gaps, there will be no update to the IFV.

required to register as broker-dealers to engage in securities transactions, and (2) DTC Participants. An Authorized Purchaser is an entity that has entered into an Authorized Purchaser Agreement with the Sponsor.

Creation Procedures

On any “Business Day”, an Authorized Purchaser may place an order with the Transfer Agent to create one or more Creation Baskets. For purposes of processing both purchase and redemption orders, a “Business Day” means any day other than a day when any of the NYSE Arca, the CME, or the New York Stock Exchange is closed for regular trading. Purchase orders for Creation Baskets must be placed by 12:00 p.m. EST or the close of regular trading on the New York Stock Exchange, which is earlier. The day on which the Distributor receives a valid purchase order is referred to as the purchase order date. If the purchase order is received after the applicable cut-off time, the purchase order date will be the next Business Day. Purchase orders are irrevocable.

By placing a purchase order, an Authorized Purchaser generally agrees to deposit cash with the Custodian.

Redemption Procedures

According to the Registration Statement, the procedures by which an Authorized Purchaser can redeem one or more Creation Baskets will mirror the procedures for the creation of Creation Baskets. On any Business Day, an Authorized Purchaser may place an order with the Transfer Agent to redeem one or more Creation Baskets.

The redemption procedures allow Authorized Purchasers to redeem Creation Baskets. Individual shareholders may not redeem directly from the Fund. By placing a redemption order, an Authorized Purchaser agrees to deliver the Creation Baskets to be redeemed through DTC’s book entry system to the Fund by the end of the next Business Day following the effective date of the redemption order or by the end of such later business day.

Determination of Redemption Distribution

The redemption distribution from the Fund will consist of an amount of cash, cash equivalents and/or commodity futures that is in the same proportion to the total assets of the Fund on the date that the order to redeem is properly received as the number of Shares to be redeemed under the redemption order is in proportion to the total number of Shares outstanding on the date the order is received.

Delivery of Redemption Distribution

An Authorized Purchaser who places a purchase order will transfer to the Custodian the required amount of cash, cash equivalents and/or commodity futures by the end of the next business day following the purchase order date or by the end of such later business day, not to exceed three business days after the purchase order date, as agreed to between the Authorized Purchaser and the Custodian when the purchase order is placed (the “Purchase Settlement Date”). Upon receipt of the deposit amount, the Custodian will direct DTC to credit the number of Creation Baskets ordered to the Authorized Purchaser’s DTC account on the Purchase Settlement Date.

Availability of Information

The NAV for the Fund’s Shares will be disseminated daily to all market participants at the same time. The intraday, closing prices, and settlement prices of the Benchmark Component Futures Contracts will be readily available from the applicable futures exchange websites, automated quotation systems, published or other public sources, or major market data vendors.

Complete real-time data for the Benchmark Component Futures Contracts will be available by subscription through on-line information services. ICE Futures U.S. and CME also provide delayed futures and options on futures information on current and past trading sessions and market news free of charge on their respective websites. The specific contract specifications for Benchmark Component Futures Contracts will also be available on such websites, as well as other financial informational sources. Quotation and last-sale information regarding the Shares

will be disseminated through the facilities of the Consolidated Tape Association (“CTA”). Quotation information for cash equivalents and commodity futures may be obtained from brokers and dealers who make markets in such instruments. Intra-day price and closing price level information for the Benchmark will be available from major market data vendors. The Benchmark value will be disseminated once every 15 seconds. The IFV will be available through on-line information services.

In addition, the Funds’ website, www.teucrium.com, will display the applicable end of day closing NAV. The daily holdings of the Fund will be available on the Fund’s website. The Fund’s website will also include a form of the prospectus for the Fund that may be downloaded. The website will include the Shares’ ticker and CUSIP information along with additional quantitative information updated on a daily basis, including: (1) the prior Business Day’s reported NAV and closing price and a calculation of the premium and discount of the closing price or mid-point of the bid/ask spread at the time of NAV calculation (the “Bid/Ask Price”) against the NAV; and (2) data in chart format displaying the frequency distribution of discounts and premiums of the daily closing price or Bid/Ask Price against the NAV, within appropriate ranges, for at least each of the four previous calendar quarters. The website disclosure of portfolio holdings will be made daily and will include, as applicable, (i) the name, quantity, price, and market value of Benchmark Component Futures Contracts, (ii) the counterparty to and value of swap agreements, forward contracts and any other financial instruments tracking the Benchmark, and (iii) the total cash and cash equivalents held in the Fund’s portfolio, if applicable.

The Fund’s website will be publicly available at the time of the public offering of the Shares and accessible at no charge.

Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Fund.¹⁰ Trading in Shares of the Fund will be halted if the circuit breaker parameters in NYSE Arca Rule 7.12-E have been reached. Trading also may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable.

The Exchange may halt trading during the day in which an interruption to the dissemination of the IFV or the value of the Benchmark occurs. The Benchmark value will be disseminated once every 15 seconds. If the interruption to the dissemination of the IFV, or the value of the Benchmark persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption. In addition, if the Exchange becomes aware that the NAV with respect to the Shares is not disseminated to all market participants at the same time, it will halt trading in the Shares until such time as the NAV is available to all market participants.

Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. Shares will trade on the NYSE Arca Marketplace from 4 a.m. to 8 p.m. E.T. in accordance with NYSE Arca Rule 7.34-E (Early, Core, and Late Trading Sessions). The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in NYSE Arca Rule 7.6-E, the minimum price variation ("MPV") for quoting and entry of orders in equity securities traded on the NYSE Arca Marketplace is \$0.01, with the exception of securities that are priced less than \$1.00 for which the MPV for order entry is \$0.0001.

¹⁰ See NYSE Arca Rule 7.12-E.

The Shares will conform to the initial and continued listing criteria under NYSE Arca Rule 8.200-E. The trading of the Shares will be subject to NYSE Arca Rule 8.200-E, Commentary .02(e), which sets forth certain restrictions on Equity Trading Permit (“ETP”) Holders acting as registered Market Makers in Trust Issued Receipts to facilitate surveillance. With respect to the application of Rule 10A-3¹¹ under the Act, the Trust will rely on the exception contained in Rule 10A-3(c)(7).¹² A minimum of 100,000 Shares of the Fund will be outstanding at the commencement of trading on the Exchange.

Surveillance

The Exchange represents that trading in the Shares of the Fund will be subject to the existing trading surveillances administered by the Exchange, as well as cross-market surveillances administered by the Financial Industry Regulatory Authority (“FINRA”) on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws.¹³ The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange.

The surveillances referred to above generally focus on detecting securities trading outside their normal patterns, which could be indicative of manipulative or other violative activity. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations.

¹¹ 17 CFR 240.10A-3.

¹² See Rule 10A-3(c)(7), 17 CFR 240.10A-3(c)(7) (stating that a listed issuer is not subject to the requirements of Rule 10A-3 if the issuer is organized as an unincorporated association that does not have a board of directors and the activities of the issuer are limited to passively owning or holding securities or other assets on behalf of or for the benefit of the holders of the listed securities).

¹³ FINRA conducts 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.

The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares, the Benchmark Component Futures Contracts and certain other futures, and options on futures with other markets and other entities that are members of the ISG, and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in the Shares, the Benchmark Component Futures Contracts and certain other futures, and options on futures from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares, the Benchmark Component Futures Contracts and certain other futures, and options on futures from markets and other entities that are members of ISG or with which the Exchange has in place a CSSA. The Exchange is also able to obtain information regarding trading in the Shares, the physical commodities underlying the futures contracts through ETP Holders, in connection with such ETP Holders' proprietary or customer trades which they effect through ETP Holders on any relevant market. The Exchange can obtain market surveillance information, including customer identity information, with respect to transactions (including transactions in futures contracts) occurring on US futures exchanges, which are members of the ISG.

Not more than 10% of the net assets of the Fund in the aggregate invested in exchange-traded futures contracts or exchange-traded options on futures shall consist of futures contracts or options on futures whose principal market is not a member of the ISG or is a market with which the Exchange does not have a CSSA.

In addition, the Exchange also has a general policy prohibiting the distribution of material, non-public information by its employees.

All statements and representations made in this filing regarding (a) the description of the portfolios of the Funds or Benchmark, (b) limitations on portfolio holdings or the Benchmark, or (c) the applicability of Exchange listing rules specified in this rule filing shall constitute continued listing requirements for listing the Shares on the Exchange.

The issuer has represented to the Exchange that it will advise the Exchange of any failure by the Fund to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will monitor for compliance with the continued listing requirements. If the Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under NYSE Arca Rule 5.5-E(m).

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)¹⁴ that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices and to protect investors and the public interest in that the Shares will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Rule 8.200-E. The Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws. The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares, Benchmark Component Futures Contracts and certain other futures, and options on futures with other markets and other entities that are members of the ISG, and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in the Shares, Benchmark Component Futures Contracts and certain other futures, and options on futures from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares, Benchmark Components Futures Contracts and certain other futures, and

¹⁴ 15 U.S.C. 78f(b)(5).

options on futures from markets and other entities that are members of ISG or with which the Exchange has in place a CSSA. The Exchange is also able to obtain information regarding trading in the Shares, the physical commodities underlying futures contracts through ETP Holders, in connection with such ETP Holders' proprietary or customer trades which they effect through ETP Holders on any relevant market. The Exchange can obtain market surveillance information, including customer identity information, with respect to transactions (including transactions in Benchmark Component Futures Contracts) occurring on US futures exchanges, which are members of the ISG. Not more than 10% of the net assets of the Fund in the aggregate invested in exchange-traded futures contracts or exchange-traded options on futures shall consist of futures contracts or options on futures whose principal market is not a member of the ISG or is a market with which the Exchange does not have a CSSA. The intraday, closing prices, and settlement prices of the Benchmark Component Futures Contracts will be readily available from the applicable futures exchange websites, automated quotation systems, published or other public sources, or major market data vendors website or on-line information services.

Complete real-time data for the Benchmark Component Futures Contracts will be available by subscription from on-line information services. ICE Futures U.S. and CME also provide delayed futures information on current and past trading sessions and market news free of charge on the Fund's website. The specific contract specifications for Benchmark Component Futures Contracts will also be available on such websites, as well as other financial informational sources. Information regarding options will be available from the applicable exchanges or major market data vendors. Quotation and last-sale information regarding the Shares will be disseminated through the facilities of the CTA. The IFV will be disseminated on a per Share basis every 15 seconds during the Exchange's Core Trading Session and be widely disseminated by one or more major market data vendors during the NYSE Arca Core Trading Session. The Fund's website will also include a form of the prospectus for the Fund that may be downloaded. The website will include the Share's ticker and CUSIP information along with additional

quantitative information updated on a daily basis, including, for the Fund: (1) the prior business day's reported NAV and closing price and a calculation of the premium and discount of the closing price or mid-point of the Bid/Ask Price against the NAV; and (2) data in chart format displaying the frequency distribution of discounts and premiums of the daily closing price or Bid/Ask Price against the NAV, within appropriate ranges, for at least each of the four previous calendar quarters. The website disclosure of portfolio holdings will be made daily and will include, as applicable, (i) the name, quantity, price, and market value of Benchmark Component Futures Contracts, (ii) the counterparty to and value of swap agreements and forward contracts, and (iii) other financial instruments, if any, and the characteristics of such instruments and cash equivalents, and amount of cash held in the Fund's portfolio, if applicable.

Trading in Shares of the Fund will be halted if the circuit breaker parameters in NYSE Arca Rule 7.12-E have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of Trust Issued Receipts based on water that will enhance competition among market participants, to the benefit of investors and the marketplace. As noted above, the Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws.

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 will facilitate the listing and trading of Trust Issued Receipts based on water and that will enhance competition among market participants, to the benefit of investors and the marketplace.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve or disapprove the proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the 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-NYSEArca-2020-105 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-NYSEArca-2020-105. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed

rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 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-2020-105, 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.¹⁵

J. Matthew DeLesDernier,
Assistant Secretary.

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¹⁵ 17 CFR 200.30-3(a)(12).