

EXECUTIVE SUMMARY AS PER NYSE ARCA RULE 8.800

NYSE ARCA ETP INCENTIVE PROGRAM

The NYSE Arca ETP Incentive Program is an innovative program that seeks to incentivize Market Makers to take on Lead Market Maker (LMM) assignments in certain Exchange Traded Products (ETPs) by offering an alternative fee structure. LMMs often play a crucial role in promoting a consistent, fair and orderly market on the Exchange. The presence of an obligated and accountable liquidity provider helps lead to superior market quality that benefits both the issuer and the end investor transacting in those products. The program has been extended and is set to expire on July 31, 2017.

The NYSE Arca Incentive Program intends to allow issuers to fund an incentive that is earned regardless of a security's volume. Additional information regarding the program can be found below:

- Inclusion of a security in the program is at the issuers discretion. Each issuer may choose up to 5 securities already listed on NYSE Arca
- All securities listed during the pilot program's duration are eligible to participate
- Not eligible for the program are:
 - Securities which have a CADV of greater than 1 million shares for the preceding three months,
 - Securities which are suspended to creations
 - ETNs
- LMM have obligations to maintain certain spread and depth guidelines. They must participate in auctions for their designated securities and ensure that there is adequate liquidity posed at the inside by either quoting at the inside for 15% of the core session, or ensuring the Arca BBO is at the NBBO with the largest size (NBBO size setting) for at least 25% of the core session. In the Incentive Program LMMs have an additional obligation to display 2,500 shares within 2% of the NBB and NBO for 90% of the time for the month.

- Issuers choose an amount between \$10,000 and \$40,000 per year per security enrolled in the program
 - Securities enrolled in the program are not eligible for enhanced LMM transaction rates
 - The Exchange retains a 5% admin fee
- LMMs receive payments via quarterly installments
 - Payments are withheld if a LMM fails to maintain quoting standards
 - Quoting standard failure for 2 months in a quarter or 5 months total during the pilot would trigger a reallocation

QUESTIONS?

The approval order can be viewed at:

<http://www.sec.gov/rules/sro/nysearca/2013/34-69706.pdf>

Extension to the filing can be found at:

<http://www.sec.gov/rules/sro/nysearca/2015/34-75846.pdf>

For more information on the Incentive Program, please go to

<https://www.nyse.com/products/etp-incentive-program>

or contact the NYSE ETP Group at: etf@nyse.com

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