

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-59708; File No. SR-NYSEArca-2009-12)

April 6, 2009

Self-Regulatory Organizations; NYSE Arca, Inc.; Order Approving Proposed Rule Change
Relating to SPDR Barclays Capital Convertible Bond ETF

I. Introduction

On February 18, 2009, NYSE Arca, Inc. (“Exchange” or “NYSE Arca”), through its wholly owned subsidiary, NYSE Arca Equities, Inc. (“NYSE Arca Equities”), 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 list and trade shares (“Shares”) of the SPDR[®] Barclays Capital Convertible Bond ETF. The proposed rule change was published for comment in the Federal Register on March 6, 2009.³ The Commission received no comment letters on the proposed rule change. This order approves the proposed rule change.

II. Description of the Proposed Rule Change

The Exchange proposes to list and trade the SPDR[®] Barclays Capital Convertible Bond ETF (“Fund”)⁴ under NYSE Arca Equities Rule 5.2(j)(3), the Exchange’s listing standards for

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 59459 (February 26, 2009), 74 FR 9860 (“Notice”).

⁴ See the Registration Statement on Form N-1A of the SPDR Series Trust, dated January 15, 2009 (File Nos. 333-57793 and 811-08839) (“Registration Statement”).

Investment Company Units (“Units”)⁵.

The Fund’s investment objective is to provide investment results that, before fees and expenses, correspond generally to the price and yield performance of the Barclays Capital U.S. Convertible Bond \$500MM Index (“Index”), which aims to track the performance of the U.S. dollar-denominated convertibles markets with outstanding issue sizes greater than \$500 million. The Index includes the following major classes of convertible securities--cash pay bonds, zero-coupon/Original Issue Discount bonds, preferred securities, and mandatories.

The Index includes both U.S. convertible bonds and convertible preferred equity securities.⁶ The Index components consisting of U.S. convertible bonds separately meet the criteria set forth in Commentary .02(a) of Rule 5.2(j)(3) applicable to Units based on a fixed income index or portfolio. However, the Index components consisting of convertible preferred stocks do not separately meet the criteria set forth in Commentary .01(a) of Rule 5.2(j)(3) applicable to Units based on U.S. indexes or portfolios.

⁵ An Investment Company Unit is a security that represents an interest in a registered investment company that holds securities comprising, or otherwise based on or representing an interest in, an index or portfolio of securities (or holds securities in another registered investment company that holds securities comprising, or otherwise based on or representing an interest in, an index or portfolio of securities). See NYSE Arca Equities Rule 5.2(j)(3)(A).

⁶ Commentary .03 to Rule 5.2(j)(3) provides that the Corporation may list a series of Units based on a combination of indexes or a portfolio of component securities representing the U.S. or domestic equity market, the international equity market, and the fixed income market for listing and trading pursuant to Rule 19b-4(e) under the Act provided each index or portfolio of equity and fixed income component securities separately meet either the criteria set forth in Commentary .01(a) of Rule 5.2(j)(3) (applicable to Units based on U.S., international or global equity indexes or portfolios) or Commentary .02(a) (applicable to Units based on a fixed income index or portfolio).

The Exchange represents that: (i) except for Commentaries .01(a)(A)(2)⁷ and .01(a)(A)(5)⁸ to NYSE Arca Equities Rule 5.2(j)(3), the Shares currently satisfy all other of the generic listing standards under the rule; (ii) the continued listing standards under NYSE Arca Equities Rules 5.2(j)(3) and 5.5(g)(2) applicable to Units shall apply to the Shares; and (iii) the Trust is required to comply with Rule 10A-3⁹ under the Act for the initial and continued listing of the Shares. Additionally, the Exchange represents that the Shares will comply with all other requirements applicable to Units including, but not limited to, requirements relating to the dissemination of key information such as the Index value and Intraday Indicative Value, rules governing the trading of equity securities, trading hours, trading halts, surveillance, firewalls and Information Bulletin to ETP Holders, as set forth in prior Commission orders approving the generic listing rules applicable to the listing and trading of Units.¹⁰ Detailed descriptions of the

⁷ Commentary .01(a)(A)(2) to NYSE Arca Equities Rule 5.2(j)(3) provides that component stocks that in the aggregate account for at least 90% of the weight of the index or portfolio each shall have a minimum worldwide monthly trading volume during each of the last six months of at least 250,000 shares. According to the Exchange, the Index does not meet the requirements of Commentary .01(a)(A)(2) in that convertible preferred stocks accounting for 78.56% of the weight of the convertible preferred portion of the Index each had a minimum worldwide monthly trading volume during each of the last six months of at least 250,000 shares, as of November 30, 2008.

⁸ Commentary .01(a)(A)(5) to NYSE Arca Equities Rule 5.2(j)(3) provides that all securities in the Index or portfolio shall be US Component Stocks, as defined in Rule 5.2(j)(3) listed on a national securities exchange and shall be NMS Stocks as defined in Rule 600 of Regulation NMS under the Act. The Exchange states that, while the Index does not include any non-U.S. securities, as of November 30, 2008, six of the 31 convertible preferred securities in the Index, accounting for 8% of the Index weight, were not listed on a national securities exchange; those issues were traded over-the-counter.

⁹ 17 CFR 240.10A-3.

¹⁰ See, e.g., Securities Exchange Act Release Nos. 55783 (May 17, 2007), 72 FR 29194 (May 24, 2007) (SR-NYSEArca-2007-36) (order approving generic listing standards for Units based on fixed income indexes); 44551 (July 12, 2001), 66 FR 37716 (July 19, 2001) (SR-PCX-2001-14) (order approving generic listing standards for Units and Portfolio Depositary Receipts); and 41983 (October 6, 1999), 64 FR 56008 (October 15, 1999) (SR-PCX-98-29) (order approving rules for listing and trading of Units).

Fund, the Underlying Index, procedures for creating and redeeming Shares, transaction fees and expenses, dividends, distributions, taxes, and reports to be distributed to beneficial owners of the Shares can be found in the Registration Statement or on the Web site for the Fund (www.SPDRETFs.com).¹¹

III. Discussion and Commission's Findings

After careful review, the Commission finds that NYSE Arca's proposal to list and trade the Shares is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange.¹² In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,¹³ 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 mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

NYSE Arca Equities Rule 5.2(j)(3) permits the Exchange to consider qualifying Units for listing and trading pursuant to Rule 19b-4(e) under the Act. The Shares, however, do not qualify for generic listing under the Exchange's rule because, although the Index components consisting of U.S. convertible bonds separately meet the criteria set forth in Commentary .02(a) of Rule 5.2(j)(3) applicable to Units based on a fixed income index or portfolio, the Index components consisting of convertible preferred stocks do not separately meet the criteria set forth in Commentaries .01(a)(A)(2) and .01(a)(A)(5) of the rule applicable to Units based on U.S.

¹¹ See also Notice, supra, note 3.

¹² In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹³ 15 U.S.C. 78f(b)(5).

indexes or portfolios.¹⁴

The Commission believes that the listing and trading of the Shares is consistent with the Act. The Shares currently satisfy all but two of the generic listing standards under the rule, and the Commission believes that the composition of the Index, despite failing to satisfy the requirements of Commentaries .01(a)(A)(2) and .01(a)(A)(5) to NYSE Arca Equities Rule 5.2(j)(3), does not raise any regulatory concerns. Additionally, the continued listing standards under NYSE Arca Equities Rules 5.2(j)(3) and 5.5(g)(2) applicable to Units will apply to the Shares, and the Trust is required to comply with Rule 10A-3¹⁵ under the Act for the initial and continued listing of the Shares. Finally, the Commission notes that it has not received any comments regarding the proposed rule change.

IV. Conclusion

For the forgoing reasons, the Commission believes that the Exchange's proposal to list and trade the Shares is consistent with the Act. This order is based on the Exchange's representations.

¹⁴ See notes 7 and 8, supra.

¹⁵ 17 CFR 240.10A-3.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,¹⁶ that the proposed rule change (SR-NYSEArca-2009-12) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁷

Florence E. Harmon
Deputy Secretary

¹⁶ 15 U.S.C. 78s(b)(1).

¹⁷ 17 CFR 200.30-3(a)(12).