



Securities and Exchange Act of 1934
Rule 14e-5

December 12, 2019

Mr. Ted Yu, Chief
Mr. Daniel Duchovny, Special Counsel
Office of Mergers and Acquisitions
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: Request for Exemptive Relief from Rule 14e-5, promulgated under the Securities Exchange Act of 1934, for Actively Managed Exchange-Traded Funds

Dear Mr. Yu and Mr. Duchovny:

We are writing on behalf of American Century ETF Trust (the "Trust"), an open-end management investment company organized on June 27, 2017, as a Delaware statutory trust. This letter requests relief with respect to the Avantis Emerging Markets Equity ETF, Avantis International Equity ETF, Avantis International Small Cap Value ETF, Avantis U.S. Equity ETF, and Avantis U.S. Small Cap Value ETF (each, a "Fund" and, together, the "Funds"), five actively managed exchange-traded funds ("ETFs"), whose shares ("Shares") are listed and traded on NYSE Arca, Inc. The Trust on behalf of itself, the Funds and persons or entities engaging in transactions in Shares of a Fund, including Authorized Participants (as defined below), hereby requests exemptive relief from Rule 14e-5 under the Securities Exchange Act of 1934 ("Exchange Act").

The Trust, with respect to the Funds, issues and redeems Shares on an ongoing basis in aggregations of Shares (referred to as "Creation Units"). Creation Units typically are a specified number of shares, generally 50,000 or multiples thereof for the Avantis Emerging Markets Equity ETF and Avantis International Equity ETF, 30,000 or multiples thereof for the Avantis International Small Cap Value ETF and Avantis U.S. Equity ETF, and 20,000 or multiples thereof for the Avantis U.S. Small Cap Value ETF. As described below, consistent with other ETFs, transactions in Creation Units for the Funds occur between the Trust and persons, referred to as "Authorized Participants," who create and redeem Shares in Creation Units pursuant to contractual arrangements pertaining to the Trust and the Funds. Additionally, as indicated below, Authorized Participants may engage in secondary market transactions in Shares.

Authorized Participants are typically broker-dealers and, as discussed below, may act as dealer-managers of tender offers. The Trust, on behalf of itself, the Funds and Authorized Participants that act as dealer-managers of tender offers, as applicable, requests that the Commission grant exemptive relief from Rule 14e-5 under the Exchange Act in connection with transactions that involve "related securities" and "subject securities" (as defined in Rule 14e-5(c)(6) and (7)) that are included in a "Creation Basket" or a "Redemption Basket," as described and discussed below. Without such relief, in situations where an Authorized Participant is also a dealer-manager of a tender offer, and therefore a "covered person," as defined in Rule 14e-5(c)(3)(ii), subject to the Rule, the Rule's restrictions could impede the ability of the Funds to operate as intended and as disclosed in publicly filed

documents, which could be detrimental to investors.¹

The Commission staff has previously issued relief substantially similar to that requested herein to both index-based ETFs² (providing class relief) and actively managed ETFs³ that are listed and traded on a national securities exchange and satisfy certain conditions (“Prior ETFs”). Similar to the Prior ETFs, each Fund’s portfolio is fully transparent and permits arbitrage activity. The relief requested by the Trust is substantially similar to the Rule 14e-5 relief granted to the Prior ETFs; therefore, the Trust does not believe that the relief requested raises any significant new regulatory issues.

This letter is divided into four parts. Part I describes the Funds; Part II describes transactions in the Shares; Part III contains the legal analysis under Rule 14e-5; and Part IV sets forth the request for exemptive relief.

Part I. The Funds

The Trust is an open-end investment company currently consisting of multiple series, five of which are the Funds.⁴ American Century Investment Management, Inc. (the “Advisor”) acts as the investment adviser to the Funds pursuant to an investment advisory agreement with the Trust, on behalf of the Funds (the “Advisory Agreement”). The Advisor, located at 4500 Main Street, Kansas City, MO 64111, is registered with the Commission as an investment adviser. Pursuant to the Advisory Agreement, the Advisor is responsible for the day-to-day investment management of the Funds, subject to the general supervision of the Board of Trustees of the Trust (the “Board”). Each Fund intends to qualify annually and to elect to be treated as a regulated investment company under the Internal Revenue Code of 1986, as amended.

The Shares of the Funds are listed on NYSE Arca, Inc. and trade at market prices that may differ to some degree from the NAV of the Shares. Unlike conventional mutual funds, as described further below, the Funds issue and redeem Shares on a continuous basis, at NAV, only in Creation Units of Shares. The Avantis Emerging Markets Equity ETF listed on September 17, 2019. The other four Funds listed on September 24, 2019.

The Avantis Emerging Markets Equity ETF’s investment objective is to seek long-term capital appreciation. In pursuing this investment objective, the Fund will, under normal circumstances, invest at least 80% of its assets in equity securities of companies related to emerging market countries. The Avantis International Equity ETF’s

¹ Consistent with the applicable precedent (see note 2, *infra*), the Trust is the party that is requesting relief from the Commission. Although there is no guarantee of future results, the Trust believes that the “in-kind” purchase and redemption features of ETFs help facilitate the close correspondence between an ETF’s net asset value (“NAV”) and market price to the benefit of the ETF and its shareholders. The Trust and the Funds therefore have a strong interest in, and are beneficiaries of, the requested relief as it helps ensure that market participants can effect creations and redemptions, thereby permitting the Funds to operate as intended. The Trust further believes that the arbitrage activity described below is facilitated when more market participants are able to participate in the purchase and redemption of Creation Units. Additionally, the Trust is seeking relief on behalf of itself and the Funds in the event that the Trust and/or a Fund is deemed to be a “covered person” under Rule 14e-5(c)(3)(iv), as discussed in Part III below.

² See Letter from James A. Brigagliano to Stuart M. Strauss, Esq. regarding Class Relief for Exchange Traded Index Funds, dated October 24, 2006. Relief was granted for the Commission by the Division of Market Regulation (now the Division of Trading and Markets) pursuant to delegated authority.

³ See, e.g., Letter from Ted Yu, Chief, Office of Mergers and Acquisitions to Suzanne M. Russell, Esq. (August 20, 2019); Letter from Ted Yu, Chief, Office of Mergers and Acquisitions to Adam T. Teufel, Esq. (May 23, 2019); Letter from Ted Yu, Chief, Office of Mergers and Acquisitions, to Allison M. Fumai, Esq. (January 31, 2019); Letter from Ted Yu, Chief, Office of Mergers and Acquisitions, to Jack P. Drogin, Esq. (February 6, 2018); Letter from Ted Yu, Chief, Office of Mergers and Acquisitions, to Maureen A. Gemma (November 15, 2017); Letter from Ted Yu, Chief, Office of Mergers and Acquisitions, to Suzanne M. Russell, Esq. (August 23, 2017); Letter from Ted Yu, Chief, Office of Mergers and Acquisitions, to Suzanne M. Russell, Esq. (April 11, 2017); Letter from Ted Yu, Chief, Office of Mergers and Acquisitions, to Vadim Avdeychik, Esq. (November 30, 2016); Letter from Ted Yu, Chief, Office of Mergers and Acquisitions, to Philip A. Shipp, Esq. (October 20, 2016); and Letter from Ted Yu, Chief, Office of Mergers and Acquisitions, to Suzanne M. Russell, Esq. (September 6, 2016).

⁴ As discussed in Part III below, the Trust is seeking relief on behalf of itself and the Funds in the event that the Trust and/or a Fund is deemed to be a “covered person” under Rule 14e-5(c)(3)(iv).

investment objective is to seek long-term capital appreciation. In pursuing this investment objective, the Fund will, under normal circumstances, invest at least 80% of its assets in equity securities. The Avantis International Small Cap Value ETF's investment objective is to seek long-term capital appreciation. In pursuing this investment objective, the Fund will, under normal circumstances, invest at least 80% of its assets in small capitalization companies. The Avantis U.S. Equity ETF's investment objective is to seek long-term capital appreciation. In pursuing this investment objective, the Fund will, under normal circumstances, invest at least 80% of its assets in equity securities of U.S. companies. The Avantis U.S. Small Cap Value ETF's investment objective is to seek long-term capital appreciation. In pursuing this investment objective, the Fund will, under normal circumstances, invest at least 80% of its assets in small capitalization companies located in the United States.

A broker-dealer registered under the Exchange Act acts as the distributor and principal underwriter (the "Distributor") of the Creation Units of Shares of the Funds. The Trust has appointed entities to provide administrative, custodial, transfer agency, fund accounting and dividend disbursing functions for the Funds. The entity providing custodial services for the Funds is hereafter the "Custodian" and the entity serving as transfer agent for the Funds is hereafter the "Transfer Agent."

Part II. Transaction in Shares

The Funds issue and redeem⁵ Shares on a continuous basis at NAV only in Creation Units. Shares are listed on a U.S. national securities exchange (an "Exchange") as defined in Section 2(a)(26) of the 1940 Act, and trade in the secondary market in the same manner as other equity securities. The trading market on an Exchange affords investors the opportunity to assume and liquidate positions in Shares at their discretion, permitting them to take advantage of prices at any time during the trading day. This combination of intra-day liquidity with the Creation Unit purchase and redemption features is generally expected to create potential arbitrage opportunities.⁶ In turn, as arbitrageurs (including Authorized Participants) purchase and redeem Creation Units in response to such opportunities, it is anticipated that they will enhance the liquidity of the secondary market, which may help mitigate pricing inefficiencies and reduce the likelihood that Shares will trade at a material premium or discount in relation to their NAV.

In contrast to a typical "mutual fund," the Funds do not sell or redeem individual Shares. Rather, like other ETFs, they sell and redeem their Shares in Creation Units.⁷ Transactions in Creation Units typically take place between the Trust and Authorized Participants, in the ordinary course of business. Authorized Participants include broker-dealers who have entered into contractual arrangements agreed to by the Distributor and the Transfer Agent setting forth the terms under which Authorized Participants can purchase and redeem Shares in Creation Unit sized aggregations ("AP Agreements"). Creation Units may be issued and redeemed in exchange for an in-kind portfolio of instruments and/or cash in lieu of such instruments. The Custodian, through the National Securities Clearing Corporation, makes available prior to the opening of business on the applicable Exchange on each business day the list of securities that Authorized Participants must deliver to purchase a Creation Unit

⁵ Redeemability of Creation Units is attributable to the fact that the Trust is an open-end management investment company. The term "open-end company" is defined in Section 5(a)(1) of the 1940 Act as a management company that is offering for sale or has outstanding any redeemable security of which it is the issuer. Section 2(a)(32) of the 1940 Act defines a "redeemable security" as any security, other than short-term paper, under the terms of which the holder, upon its presentation to the issuer, is entitled to receive approximately its proportionate share of the issuer's current net assets, or the cash equivalent. Creation Units are redeemable at NAV. Shares, however, are not individually redeemable. The Trust, like other ETFs, may rely on exemptive relief obtained from the Commission permitting it, among other things, to register as an open-end management investment company notwithstanding that Shares are redeemable only in Creation Unit sizes. The relief addresses the possible question that arises as to whether the definitional requirements of a "redeemable security" or an "open-end company" under the 1940 Act have been met. *See* Investment Company Act Release No. 28468 (October 27, 2008) (the "1940 Exemptive Relief")

⁶ Investment Company Act Release No. 32970 (January 17, 2018) (the "1940 Act Exemptive Relief"). Arbitrageurs are expected to stand ready to take advantage of any slight premium or discount in the market price of Shares on the applicable Exchange versus the cost of depositing securities and creating a Creation Unit to be broken down into individual Shares.

⁷ Terms and provisions governing sales and redemptions of Shares by the Funds are set forth in the applicable prospectus and statement of additional information; the application for the 1940 Act Exemptive Relief; and the Trust's Trust Instrument.

("Creation Basket") and the list of securities that they may receive if they redeem a Creation Unit ("Redemption Basket").

In accordance with the applicable AP Agreements, Authorized Participants create and redeem Creation Units under various scenarios. For example, in connection with creation transactions, an Authorized Participant might purchase the relevant securities in the Creation Basket, transfer the securities to the Trust in exchange for the Creation Unit, and convey the Creation Unit to the investor. Conversely, in connection with redemption transactions, an Authorized Participant might receive a Creation Unit from an investor, convey the Creation Unit and receive the securities in the Redemption Basket from the Trust.

Part III. Legal Analysis Under Rule 14e-5

Rule 14e-5 was originally promulgated as Rule 10b-13 under the Exchange Act to safeguard the interests of persons who sell their securities in response to a tender offer.⁸ Rule 14e-5 prohibits a "covered person" from directly or indirectly purchasing or arranging to purchase any equity securities that are the subject of a tender offer ("subject securities") or any securities immediately convertible into, exchangeable for, or exercisable for subject securities ("related securities") except as part of such tender offer. The term "covered person" includes, among others, a dealer-manager of a tender offer. The fact that most Authorized Participants are broker-dealers implicates Rule 14e-5 because the term "covered person" includes a dealer-manager of a tender offer. The term "covered person" also includes any person acting, directly or indirectly, in concert with other covered persons in connection with any purchase or arrangement to purchase any subject securities or any related securities. Therefore, the Trust also is seeking relief in the event it or a Fund may be deemed to be a "covered person" by virtue of the AP Agreements pertaining to the Trust and the Funds.

In order to address situations in which an Authorized Participant acts as a dealer-manager of a tender offer, and a subject security or a related security is part of a group of securities that is received by a Fund when it issues a Creation Unit or part of a group of securities that a Fund distributes when it redeems a Creation Unit (i.e., part of a Creation Basket or a Redemption Basket), the Trust respectfully requests that the Commission grant an exemption from Rule 14e-5 as it applies to such Authorized Participants. The exemption would permit any such Authorized Participant to execute transactions that include, or are deemed to include, purchases of, or arrangements to purchase, subject securities or related securities, but that are not effected for the purposes of facilitating a tender offer and that are conducted in the ordinary course of business (in each case, from the time of the public announcement of the tender offer until the tender offer expires). For purposes of this relief, an Authorized Participant's ordinary course of business includes: (1) redeeming Shares of a Fund in Creation Unit size aggregations for a Redemption Basket that may include a subject security or a related security; and (2) engaging in secondary market transactions in Shares. With respect to redemptions, the Trust notes that the acquisition of individual securities held by a Fund by means of redemptions of Shares would be impractical and extremely inefficient in view of the relatively small number of shares of any one security included in a Redemption Basket and the requirement that a minimum number of Shares (i.e., a Creation Unit) be redeemed. Redemptions of, and secondary market transactions in, Shares under the circumstances described would not appear to result in the abuses at which Rule 14e-5 is directed.

In addition to the above request for relief, the Trust also is requesting exemptive relief in connection with purchases of Creation Units of Shares by an Authorized Participant acting as a dealer-manager of a tender offer. In this regard, in connection with purchasing Creation Units pursuant to the terms of its AP Agreement, an Authorized Participant may seek to purchase in the secondary market securities comprising a Creation Basket that includes, with respect to a tender offer for which it acts as a dealer-manager, subject securities or related securities. The Trust acknowledges that Rule 14e-5(b)(5) provides an exception to its prohibition for purchases or

⁸ Exchange Act Rel. No. 8712 (October 8, 1969) (the "1969 Adopting Release"). In this regard, the 1969 Adopting Release noted that "[w]here securities are purchased for a consideration greater than that of the tender offer price, this operates to the disadvantage of the security holders who have already deposited their securities and who are unable to withdraw them in order to obtain the advantage of possible resulting higher market prices."

arrangements to purchase a basket of securities containing a subject security or a related security if: (i) the purchase or arrangement is made in the ordinary course of business and not to facilitate the tender offer; (ii) the basket contains 20 or more securities; and (iii) covered securities and related securities do not comprise more than 5% of the value of the basket (the “Basket Exception”).

As indicated by the Commission in the release replacing former Rule 10b-13 with Rule 14e-5⁹, transactions in baskets in accordance with the Basket Exception provide little opportunity for a covered person to facilitate an offer¹⁰ or for a security holder to exact a premium from the offeror. Given that the purchases and redemptions of Creation Units of ETFs in general typically involve baskets of securities, Authorized Participants acting as dealer-managers of tender offers for relevant securities may, in certain cases, be able to rely on the Basket Exception in purchasing Creation Units of Shares. From time to time, however, a change in the composition of the portfolio securities of a Fund may result in a change in the basket that has been established for purposes of purchasing its Creation Units. As a consequence, the basket could contain less than 20 securities and/or covered securities and related securities could comprise more than 5% of the value of the basket. For example, a liquidation of the issuer of one of the securities or a merger involving the acquisition of the issuer of one of the securities could cause the number of securities in the basket to fall below 20 and/or could cause covered securities and related securities to comprise more than 5% of the value of the basket. Additionally, as a result of fluctuations in the market value of the securities held in the basket, covered securities and related securities could, at times, comprise more than 5% of the value of the basket. This composition would result in the unavailability of the Basket Exception for an Authorized Participant acting as a dealer-manager of a tender offer for the applicable securities and, in particular, may preclude an Authorized Participant from being able to rely on the Basket Exception.

In order to address situations (including but not limited to the foregoing examples) where the basket contains less than 20 securities and/or covered securities and related securities comprise more than 5% of the value of the basket, the Trust respectfully requests that the Commission provide an exemption under Rule 14e-5 if an Authorized Participant acting as a dealer-manager of a tender offer purchases or arranges to purchase subject securities or related securities in the secondary market for the purpose of transferring such securities to purchase one or more Creation Units of Shares, if such purchases are not effected for the purpose of facilitating such tender offer and are made in the ordinary course of business. Relief would be necessary to permit such Authorized Participants to effect purchases of subject and related securities under such circumstances given that the Basket Exception would not be available. This extension of the Basket Exception would accommodate a potential factual circumstance associated with the operation of ETFs and would be consistent with the rationale underlying the adoption of the Basket Exception. The Trust notes, in particular, that purchases would not be effected for the purpose of facilitating a tender offer.¹¹

The Trust understands that, except as permitted by the relief from Rule 14e-5 requested herein, any Authorized Participant acting as a dealer-manager is required to comply with the requirements of Rule 14e-5.

Part IV. Request for Exemptive Relief

Based on the foregoing, the Trust, on behalf of itself, the Funds and Authorized Participants that act as dealer-managers of tender offers, respectfully requests that the Commission grant the exemptive relief from Rule 14e-5 under the Exchange Act requested herein in connection with purchases of, and arrangements to purchase, subject securities and related securities outside of a tender offer. As more fully discussed above, the Trust is requesting that the Commission grant exemptions from Rule 14e-5 to permit any Authorized Participant acting as

⁹ See Exchange Act Release No. 42055 (October 22, 1999) (the “1999 Release”).

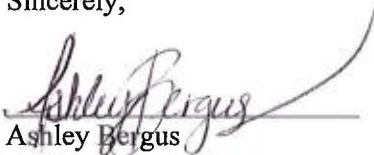
¹⁰ As discussed in the 1999 Release, “facilitation of an offer” includes purchases intended to bid up the market price of the covered or related security, and includes buying a basket to strip out the covered security in an effort to get the offeror the number of shares it is seeking. In this regard, the Trust believes that it would be inefficient to facilitate a tender offer in a particular security by means of purchasing all of the securities in a Creation Basket.

¹¹ See note 10, *supra*.

a dealer-manager of a tender offer, under the circumstances described herein, (1) to execute transactions that include, or are deemed to include, purchases of, or arrangements to purchase, subject securities or related securities in connection with (a) redeeming Shares of a Fund in Creation Unit size aggregations and (b) engaging in secondary market transactions in Shares and (2) to purchase or arrange to purchase subject securities and related securities in the secondary market for the purpose of transferring such securities to purchase Creation Units. As a related matter, the Trust is requesting that, in light of the relevance of the activities contemplated by the AP Agreements described above to the Trust and the Funds, the Trust and the Funds be permitted to rely on any exemptive relief that is granted. The Trust believes that granting the requested exemptions is consistent with precedent and will not result in the abuses that Rule 14e-5 was designed to address, and that it will facilitate the ability of Authorized Participants to engage in transactions in Creation Units, thereby permitting the Funds to operate as intended to the benefit of its shareholders.

Thank you for your consideration of this request. Should you have any questions or require additional information, please do not hesitate to call me at (816) 340-3275.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ashley Bergus", written over a horizontal line.

Ashley Bergus
Corporate Counsel
American Century Investments