



March 24, 2017

Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Re: File No. SR-BatsBZX-2017-07, Amendment No. 1

Dear Mr. Fields:

On March 10, 2017, Bats BZX Exchange, Inc. (the "Exchange") filed with the Securities and Exchange Commission (the "Commission") Amendment No. 1 to SR-BatsBZX-2017-07 in order to clarify certain points and add additional details. Amendment No. 1 to SR-BatsBZX-2017-17 amends and replaces in its entirety the proposal as originally submitted on January 27, 2017. The Exchange submitted proposal SR-BatsBZX-2017-07 in order to list and trade shares of the VanEck Vectors AMT-Free National Municipal Index ETF of the VanEck Vectors ETF Trust on the Exchange. In order to provide notice for public review of this Amendment No. 1, in addition to posting on the Exchange's public website, the Exchange is filing this comment letter with the Commission.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kyle Murray", is written over a light blue circular stamp. The signature is fluid and cursive.

Kyle Murray
Assistant General Counsel

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * SECURITIES AND EXCHANGE COMMISSION File No.* SR - - *
 WASHINGTON, D.C. 20549 Form 19b-4 Amendment No. (req. for Amendments *)

Filing by Bats BZX Exchange, Inc.
 Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document
<input type="checkbox"/>	<input type="checkbox"/>

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Last Name *
 Title *
 E-mail *
 Telephone * Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date
 By
 (Name *)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information *

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

Add Remove View

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

Add Remove View

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² Bats BZX Exchange, Inc. f/k/a BATS Exchange, Inc. (the “Exchange” or “BZX”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to list and trade under BZX Rule 14.11(c)(4) the shares of the VanEck Vectors AMT-Free National Municipal Index ETF (the “Fund”) of VanEck Vectors ETF Trust (the “Trust”).

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors of the Exchange on February 11, 2014. Exchange staff will advise the Board of Directors of the Exchange of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

The persons on the Exchange staff prepared to respond to questions and comments on the proposed rule change are:

Eric Swanson
EVP, General Counsel



Kyle Murray
Assistant General Counsel



¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

(a) Purpose

This Amendment No. 1 to SR-BatsBZX-2017-07 amends and replaces in its entirety the proposal as originally submitted on January 27, 2017. The Exchange submits this Amendment No. 1 in order to clarify certain points and add additional details about the Fund.

The Exchange proposes to list and trade shares (“Shares”) of the Fund under BZX Rule 14.11(c)(4),³ which governs the listing and trading of index fund shares based on fixed income securities indexes.⁴ The Shares will be offered by the Trust, which was

³ The Commission approved BZX Rule 14.11(c) in Securities Exchange Act Release No. 65225 (August 30, 2011), 76 FR 55148 (September 6, 2011) (SR-BATS-2011-018).

⁴ The Commission previously has approved proposed rule changes relating to listing and trading of funds based on municipal bond indexes. See Securities Exchange Act Release Nos. 78329 (July 14, 2016), 81 FR 47217 (July 20, 2016) (SR-BatsBZX-2016-01) (order approving the listing and trading of the following series of VanEck Vectors ETF Trust: VanEck Vectors AMT-Free 6-8 Year Municipal Index ETF; VanEck Vectors AMT-Free 8-12 Year Municipal Index ETF; and VanEck Vectors AMT-Free 12-17 Year Municipal Index ETF); 67985 (October 4, 2012), 77 FR 61804 (October 11, 2012) (SR-NYSEArca-2012-92) (order approving proposed rule change relating to the listing and trading of iShares 2018 S&P AMT-Free Municipal Series and iShares 2019 S&P AMT-Free Municipal Series under NYSE Arca, Inc. (“NYSE Arca”) Rule 5.2(j)(3), Commentary .02); 72523 (July 2, 2014), 79 FR 39016 (July 9, 2014) (SR-NYSEArca-2014-37) (order approving proposed rule change relating to the listing and trading of iShares 2020 S&P AMT-Free Municipal Series under NYSE Arca Rule 5.2(j)(3), Commentary .02); and 75468 (July 16, 2015), 80 FR 43500 (July 22, 2015) (SR-NYSEArca-2015-25) (order approving proposed rule change relating to the listing and trading of the iShares iBonds Dec 2021 AMT-Free Muni Bond ETF and iShares iBonds Dec 2022 AMT-Free Muni Bond ETF under NYSE Arca Rule 5.2(j)(3), Commentary .02). The Commission also has issued a notice of filing and immediate effectiveness of a proposed rule change relating to listing and trading on NYSE Arca of the iShares Taxable Municipal Bond Fund.

established as a Delaware statutory trust on March 15, 2001. The Trust is registered with the Commission as an open-end investment company and has filed a registration statement on behalf of the Fund on Form N-1A (“Registration Statement”) with the Commission.⁵ All statements and representations made in this filing regarding (a) the description of the portfolio, (b) limitations on portfolio holdings or reference assets, or (c) the applicability of Exchange rules and surveillance procedures shall constitute continued listing requirements for listing the Shares on the Exchange.

Description of the Shares and the Fund

Van Eck Associates Corporation will be the investment adviser (“Adviser”) to the Fund.⁶ The Adviser will serve as the administrator for the Fund (the “Administrator”).

See Securities Exchange Act Release No. 63176 (October 25, 2010), 75 FR 66815 (October 29, 2010) (SR-NYSEArca-2010-94). The Commission has approved two actively managed funds of the PIMCO ETF Trust that hold municipal bonds. See Securities Exchange Act Release No. 60981 (November 10, 2009), 74 FR 59594 (November 18, 2009) (SR-NYSEArca-2009-79) (order approving listing and trading of PIMCO ShortTerm Municipal Bond Strategy Fund and PIMCO Intermediate Municipal Bond Strategy Fund, among others). The Commission also has approved listing and trading of the SPDR Nuveen S&P High Yield Municipal Bond Fund. See Securities Exchange Act Release No.63881 (February 9, 2011), 76 FR 9065 (February 16, 2011) (SR-NYSEArca-2010-120).

⁵ See Registration Statement on Form N-1A for the Trust, dated October 31, 2016 (File Nos. 333-123257 and 811-10325). The descriptions of the Fund and the Shares contained herein are based, in part, on information in the Registration Statement. The Commission has issued an order granting certain exemptive relief to the Trust under the Investment Company Act of 1940 (15 U.S.C. 80a-1) (“1940 Act”) (the “Exemptive Order”). See Investment Company Act Release No. 28021 (October 24, 2007) (File No. 812-13426).

⁶ An investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 (the “Advisers Act”). As a result, the Adviser and its related personnel are subject to the provisions of Rule 204A-1 under the Advisers Act relating to codes of ethics. This Rule requires investment advisers to adopt a code of ethics that reflects the fiduciary nature of the relationship to clients as well as compliance with all applicable securities laws. Accordingly,

The Bank of New York Mellon will serve as the custodian (“Custodian”) and transfer agent (“Transfer Agent”) for the Fund. Van Eck Securities Corporation (the “Distributor”) will be the distributor of the Shares. Bloomberg Finance L.P. and its affiliates will be the index provider (“Index Provider”).

VanEck Vectors AMT-Free National Municipal Index ETF

According to the Registration Statement, the Fund will seek to replicate as closely as possible, before fees and expenses, the price and yield performance of the Bloomberg Barclays AMT-Free National Municipal Index (the “Index”). As of November 30, 2016, there were 50,615 issues in the Index. Unless otherwise noted, all statistics related to the Index presented hereafter were accurate as of November 30, 2016.

The Index tracks the municipal bond market by tracking two total return, market-size-weighted benchmark indexes with target weights as follows:

- A 75% weight in the Muni Investment-Grade Rated/\$75 Million Deal Size Index in order to gain exposure to investment grade municipal bonds (i.e., rated Baa3/BBB- or higher). To be included in the Muni Investment-Grade Rated/\$75 Million Deal Size Index, a bond must be rated Baa3/BBB- or

procedures designed to prevent the communication and misuse of non-public information by an investment adviser must be consistent with Rule 204A-1 under the Advisers Act. In addition, Rule 206(4)-7 under the Advisers Act makes it unlawful for an investment adviser to provide investment advice to clients unless such investment adviser has (i) adopted and implemented written policies and procedures reasonably designed to prevent violation, by the investment adviser and its supervised persons, of the Advisers Act and the Commission rules adopted thereunder; (ii) implemented, at a minimum, an annual review regarding the adequacy of the policies and procedures established pursuant to subparagraph (i) above and the effectiveness of their implementation; and (iii) designated an individual (who is a supervised person) responsible for administering the policies and procedures adopted under subparagraph (i) above.

higher by at least two of the following rating agencies if all three agencies rate the bond: Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Services ("S&P") and Fitch Ratings, Inc. ("Fitch"). If only two of the three agencies rate the bond, the lower rating is used to determine index eligibility. If only one of the three agencies rates the bond, the rating must be Baa3/BBB- or higher. Bonds in the Muni Investment-Grade Rated/\$75 Million Deal Size Index must have an outstanding par value of at least \$7 million and be issued as part of a transaction of at least \$75 million.

- A 25% weight in the Muni High Yield/\$20 Million Deal Size Index in order to gain exposure to non-investment grade municipal bonds (i.e., unrated or rated Ba1/BB+ or lower). To be included in the Muni High Yield/\$20 Million Deal Size Index, a bond must be unrated or rated Ba1/BB+ or lower by at least two of the following rating agencies if all three agencies rate the bond: Moody's, S&P and Fitch. If only two of the three agencies rate the bond, the lower rating is used to determine index eligibility. If only one of the three agencies rates the bond, the rating must be Ba1/BB+ or lower. Bonds in the Muni High Yield/\$20 Million Deal Size Index must have an outstanding par value of at least \$3 million and be issued as part of a transaction of at least \$20 million.

All bonds included in the Index must have a fixed rate, a dated date (i.e., the date when interest begins to accrue) after December 31, 1990, and a nominal maturity of 1 to 30 years. Bonds subject to the alternative minimum tax, taxable municipal bonds, bonds with floating rates, derivatives and municipal bonds of issuers from the territories of the United States (e.g., Puerto Rico) are excluded from the Index. The composition of the

Index is rebalanced monthly. Interest and principal payments earned by the component securities are held in the Index without a reinvestment return until month end when they are removed from the Index. Qualifying securities issued, but not necessarily settled, on or before the month end rebalancing date qualify for inclusion in the Index in the following month.

The Fund normally invests at least 80% of its total assets in securities that comprise the Fund's benchmark index. The Index is comprised of publicly traded municipal bonds that cover the U.S. dollar-denominated investment grade and high yield tax-exempt bond market. The Fund's 80% investment policy is non-fundamental and may be changed without shareholder approval upon 60 days' prior written notice to shareholders.⁷ The Fund also has adopted a fundamental investment policy to invest at least 80% of its assets in municipal securities.⁸ When issued transactions ("WIs")⁹

⁷ As noted herein, the Fund's policy to invest 80% of its total assets in securities that comprise the Fund's benchmark index (the "80% Investment Policy") is non-fundamental and may be changed without shareholder approval upon 60 days' prior written notice to shareholders. The Exchange notes that, notwithstanding the foregoing, all statements and representations made in this filing regarding (a) the description of the portfolio, (b) limitations on portfolio holdings or reference assets (including, for example, the Fund's 80% Investment Policy), or (c) the applicability of Exchange rules and surveillance procedures shall constitute continued listing requirements for listing the Shares on the Exchange. As noted below, 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 (or any changes made with respect to the Fund's 80% Investment Policy), and, pursuant to its obligations under Section 19(g)(1) of the Exchange Act, the Exchange will surveil 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 Exchange Rule 14.12.

⁸ The Fund's policy to invest 80% of its assets in municipal securities (the "Secondary 80% Policy") is a fundamental investment policy. Fundamental investment policies, including the Secondary 80% Policy, cannot be changed

representing securities eligible for inclusion in the Index may be used by the Fund in seeking performance that corresponds to the Index and in such cases would count towards the Fund's 80% Investment Policy.

Other Portfolio Holdings

While the Fund normally will invest at least 80% of its total assets in securities that compose the Index, as described above, the Fund may invest its remaining assets in other financial instruments, as described below.

The Fund may invest its remaining assets in securities not included in the Index including only the following instruments: municipal bonds not included in the Index; money market instruments, including repurchase agreements or other funds which invest exclusively in money market instruments; convertible securities; structured notes (notes on which the amount of principal repayment and interest payments are based on the movement of one or more specified factors, such as the movement of a particular stock or stock index);¹⁰ certain derivative instruments described below; and, to the extent

without the approval of the holders of a majority of the Fund's outstanding voting securities. For purposes of the 1940 Act, a majority of the outstanding voting securities of the Fund means the vote, at an annual or a special meeting of the security holders of the Trust, of the lesser of (1) 67% or more of the voting securities of the Fund present at such meeting, if the holders of more than 50% of the outstanding voting securities of the Fund are present or represented by proxy, or (2) more than 50% of the outstanding voting securities of the Fund.

⁹ When issued is a transaction that is made conditionally because a security has been authorized but not yet issued. Treasury securities, stock splits, and new issues of stocks and bonds are all traded on a when-issued basis.

¹⁰ Structured notes are derivative securities for which the amount of principal repayment and/or interest payments is based on the movement of one or more factors, including, but not limited to, currency exchange rates, interest rates (such as the prime lending rate or LIBOR), referenced bonds and stock indices.

permitted by the 1940 Act, affiliated and unaffiliated funds, such as open-end or closed-end management investment companies, including other exchange-traded funds (“ETFs”).¹¹ In addition to the use described above, WIs not included in the Index may also be used by the Fund in managing cash flows. The Fund may use exchange-traded futures contracts and exchange-traded options thereon, together with positions in cash and money market instruments, to simulate full investment in the Index.

The Fund may use cleared or non-cleared index, interest rate or credit default swap agreements. Swap agreements are contracts between parties in which one party agrees to make payments to the other party based on the change in market value or level of a specified index or asset. Currently, interest rate swaps and credit default swaps on indexes may be cleared, however, credit default swaps on a specific security are currently uncleared.

The Fund may invest in exchange-traded warrants, which are equity securities in the form of options issued by a corporation which give the holder the right to purchase stock, usually at a price that is higher than the market price at the time the warrant is issued.

¹¹ For purposes of this filing, ETFs include Index Fund Shares (as described in Rule 14.11(c)); Portfolio Depositary Receipts (as described in Rule 14.11(b)); and Managed Fund Shares (as described in Rule 14.11(i)). The ETFs all will be listed and traded in the U.S. on registered exchanges. The Fund may invest in the securities of ETFs registered under the 1940 Act consistent with the requirements of Section 12(d)(1) of the 1940 Act, or any rule, regulation or order of the Commission or interpretation thereof. While the Fund may invest in inverse ETFs, the Fund will not invest in leveraged or inverse leveraged (e.g., 2X, -2X, 3X or -3X) ETFs.

The Fund may invest in participation notes, which are issued by banks or broker-dealers and are designed to offer a return linked to the performance of a particular underlying equity security or market.

The Fund will only enter into transactions in derivative instruments with counterparties that the Adviser reasonably believes are capable of performing under the contract and will post collateral as required by the counterparty.¹²

Index Overview

The Exchange is submitting this proposed rule change because the Index for the Fund does not meet all of the “generic” listing requirements of Rule 14.11(c)(4) applicable to the listing of index fund shares based on fixed income securities indexes. The Index meets all such requirements except for those set forth in Rule 14.11(c)(4)(B)(i)(b).¹³ Specifically, as of November 30, 2016, 25.04% of the weight of the Index components have a minimum original principal amount outstanding of \$100 million or more.

As of November 30, 2016, 86.49% of the weight of the Index components was comprised of individual maturities that were part of an entire municipal bond offering

¹² The Fund will seek, where possible, to use counterparties, as applicable, whose financial status is such that the risk of default is reduced; however, the risk of losses resulting from default is still possible. The Adviser will evaluate the creditworthiness of counterparties on a regular basis. In addition to information provided by credit agencies, the Adviser will review approved counterparties using various factors, which may include the counterparty's reputation, the Adviser's past experience with the counterparty and the price/ market actions of debt of the counterparty.

¹³ Rule 14.11(c)(4)(B)(i)(b) provides that components that in the aggregate account for at least 75% of the weight of the index or portfolio each shall have a minimum original principal amount outstanding of \$100 million or more.

with a minimum original principal amount outstanding \$100 million or more for all maturities of the offering. In addition, the total dollar amount outstanding of issues in the Index was approximately \$1.5 trillion and the average dollar amount outstanding of issues in the Index was approximately \$30.4 million. Further, the most heavily weighted component represented 1.57% of the weight of the Index and the five most heavily weighted components represented 3.93% of the weight of the Index.¹⁴ Therefore, the Exchange believes that, notwithstanding that the Index does not satisfy the criterion in Rule 14.11(c)(4)(B)(i)(b), the Index is sufficiently broad-based to deter potential manipulation, given that it is comprised of approximately 50,615 issues. In addition, the Index securities are sufficiently liquid to deter potential manipulation in that a substantial portion (86.49%) of the Index weight is comprised of maturities that are part of an offering with a minimum original principal amount outstanding of \$100 million or more, and in view of the substantial total dollar amount outstanding and the average dollar amount outstanding of the Index issues, as referenced above.¹⁵ 63.8% of the Index weight consisted of issues with a rating of AA/Aa2 or higher.

The Index value, calculated and disseminated at least once daily, as well as the components of the Index and their percentage weighting, will be available from major

¹⁴ Rule 14.11(c)(4)(B)(i)(d) provides that no component fixed-income security (excluding Treasury Securities, as defined therein) shall represent more than 30% of the weight of the index or portfolio, and the five most heavily weighted component fixed-income securities in the index or portfolio shall not in the aggregate account for more than 65% of the weight of the index or portfolio.

¹⁵ The Adviser represents that when bonds are close substitutes for one another, pricing vendors can use executed trade information from all similar bonds as pricing inputs for an individual security. This can make individual securities more liquid.

market data vendors. In addition, the portfolio of securities held by the Fund will be disclosed on the Fund's website at www.vaneck.com/etfs.

The Exchange represents that: (1) except for BZX Rule 14.11(c)(4)(B)(i)(b), the Index currently satisfies and will continue to satisfy all of the generic listing standards under BZX Rule 14.11(c)(4); (2) the continued listing standards under BZX Rule 14.11(c) applicable to index fund shares shall apply to the Shares of the Fund; and (3) the Trust is required to comply with Rule 10A-3¹⁶ under the Act for the initial and continued listing of the Shares of the Fund. In addition, the Exchange represents that the Shares of the Fund will comply with all other requirements applicable to index fund shares including, but not limited to, requirements relating to the dissemination of key information such as the value of the Index and the Intraday Indicative Value, rules governing the trading of equity securities, trading hours, trading halts, surveillance, and the information circular, as set forth in Exchange rules applicable to index fund shares and the orders approving such rules.

Correlation Among Municipal Bond Instruments with Common Characteristics

With respect to the Fund, the Adviser represents that the nature of the municipal bond market and municipal bond instruments makes it feasible to categorize individual issues represented by CUSIPs (i.e., the specific identifying number for a security) into categories according to common characteristics, specifically, rating, geographical region, purpose, and maturity. Bonds that share similar characteristics tend to trade similarly to one another; therefore, within these categories, the issues may be considered fungible

¹⁶ CFR 240.10A-3.

from a portfolio management perspective, allowing one CUSIP to be represented by another that shares similar characteristics for purposes of developing an investment strategy. Therefore, while 25.04% of the weight of the Index components have a minimum original principal amount outstanding of \$100 million or more, the nature of the municipal bond market makes the issues relatively fungible for investment purposes when aggregated into categories such as ratings, geographical region, purpose and maturity. In addition, within a single municipal bond issuer, there are often multiple contemporaneous or sequential issuances that have the same rating, structure and maturity, but have different CUSIPs; these separate issues by the same issuer are also likely to trade similarly to one another.

The Adviser represents that the Fund is managed utilizing the principle that municipal bond issues are generally fungible in nature when sharing common characteristics, and specifically make use of the four categories referred to above. In addition, this principle is used in, and consistent with, the portfolio construction process in order to facilitate the creation and redemption process, and to enhance liquidity (among other benefits, such as reducing transaction costs), while still allowing the Fund to closely track the Index.

Net Asset Value

According to the Registration Statement, the net asset value (“NAV”) of the Fund will be determined each business day as of the close of trading (ordinarily 4:00 p.m. Eastern Time) on the Exchange.

The values of the Fund’s portfolio assets are based on the assets’ closing prices, when available. In the absence of a last reported sales price, or if no sales were reported,

and for other assets for which market quotes are not readily available, values may be based on quotes obtained from a quotation reporting system, established market makers or by an outside independent pricing service. Fixed income instruments, repurchase agreements and money market instruments with maturities of more than 60 days are normally valued on the basis of quotes from brokers or dealers, established market makers or an outside independent pricing service. Prices obtained by an outside independent pricing service may use information provided by market makers or estimates of market values obtained from yield data related to investments or securities with similar characteristics and may use a computerized grid matrix of securities and its evaluations in determining what it believes is the fair value of the portfolio assets. Any assets or liabilities denominated in currencies other than the U.S. dollar are converted into U.S. dollars at the current market rates on the date of valuation as quoted by one or more sources. Fixed income instruments, repurchase agreements and money market instruments having a maturity of 60 days or less are valued at amortized cost. Futures contracts will be valued at the settlement price established each day by the board or exchange on which they are traded. Exchange-traded options will be valued at the closing price in the market where such contracts are principally traded. Swaps, structured notes, participation notes, convertible securities, and WIs will be valued based on valuations provided by independent, third-party pricing agents. Securities of non-exchange-traded investment companies will be valued at NAV. Exchange-traded instruments, including investment companies and warrants, will be valued at the last reported sale price on the primary exchange or market on which they are traded.

If a market quotation for a security or other asset is not readily available or the Adviser believes it does not otherwise accurately reflect the market value of the security or asset at the time the Fund calculates its NAV, the security or asset will be fair valued by the Adviser in accordance with the Trust's valuation policies and procedures approved by the Board of Trustees and in accordance with the 1940 Act. The Fund may also use fair value pricing in a variety of circumstances, including but not limited to, situations when the value of a security in the Fund's portfolio has been materially affected by events occurring after the close of the market on which the security is principally traded (such as a corporate action or other news that may materially affect the price of a security) or trading in a security has been suspended or halted.

Creation and Redemption of Shares

The NAV of the Fund will be determined each business day as of the close of trading, (normally 4:00 p.m. Eastern Time) on the Exchange. The Fund currently anticipates that a "Creation Unit" will consist of 50,000 Shares, though this number may change from time to time, including prior to the listing of the Fund. The exact number of Shares that will comprise a Creation Unit will be disclosed in the Registration Statement of the Fund. The Trust will issue and sell Shares of the Fund only in Creation Units on a continuous basis through the Distributor, without an initial sales load (but subject to transaction fees), at their NAV per Share next determined after receipt, on any business day, of an order in proper form.

The consideration for purchase of a Creation Unit of the Fund generally will consist of either (i) the in-kind deposit of a designated portfolio of fixed income securities (the "Deposit Securities") per each Creation Unit and the Cash Component (defined

below), computed as described below, or (ii) as permitted or required by the Fund, of cash. The Cash Component together with the Deposit Securities, as applicable, are referred to as the “Fund Deposit,” which represents the minimum initial and subsequent investment amount for Shares. The Cash Component represents the difference between the NAV of a Creation Unit and the market value of Deposit Securities and may include a Dividend Equivalent Payment. The “Dividend Equivalent Payment” enables the Fund to make a complete distribution of dividends on the next dividend payment date, and is an amount equal, on a per Creation Unit basis, to the dividends on all the securities held by the Fund (“Fund Securities”) with ex-dividend dates within the accumulation period for such distribution (the “Accumulation Period”), net of expenses and liabilities for such period, as if all of the Fund Securities had been held by the Trust for the entire Accumulation Period. The Accumulation Period begins on the ex-dividend date for the Fund and ends on the next ex-dividend date.

The Administrator, through the National Securities Clearing Corporation (“NSCC”), makes available on each business day, immediately prior to the opening of business on the Exchange (currently 9:30 a.m. Eastern Time), the list of the names and the required number of shares of each Deposit Security to be included in the current Fund Deposit (based on information at the end of the previous business day) as well as the Cash Component for the Fund. Such Fund Deposit is applicable, subject to any adjustments, in order to effect creations of Creation Units of the Fund until such time as the next-announced Fund Deposit composition is made available.

Shares may be redeemed only in Creation Units at their NAV next determined after receipt of a redemption request in proper form by the Distributor,¹⁷ only on a business day and only through a Participating Party or DTC Participant who has executed a Participation Agreement.

The Administrator, through NSCC, makes available immediately prior to the opening of business on the Exchange (currently 9:30 a.m. Eastern Time) on each day that the Exchange is open for business, the Fund Securities that will be applicable (subject to possible amendment or correction) to redemption requests received in proper form on that day.

Unless cash redemptions are permitted or required for the Fund, the redemption proceeds for a Creation Unit generally consist of Fund Securities as announced by the Administrator on the business day of the request for redemption, plus cash in an amount equal to the difference between the NAV of the Shares being redeemed, as next determined after a receipt of a request in proper form, and the value of the Fund Securities, less the redemption transaction fee and variable fees. Should the Fund

¹⁷ To be eligible to place orders with the Distributor to create Creation Units of the Fund, an entity or person either must be: (1) a “Participating Party,” *i.e.*, a broker-dealer or other participant in the Clearing Process through the Continuous Net Settlement System of the NSCC; or (2) a DTC Participant (as defined below); and, in either case, must have executed an agreement with the Distributor and the Transfer Agent (as it may be amended from time to time in accordance with its terms) (“Participant Agreement”). DTC Participants are participants of the Depository Trust Company (“DTC”) that acts as securities depository for Index Fund Shares. A Participating Party and DTC Participant are collectively referred to as an “Authorized Participant.” All orders to create Creation Units must be received by the Distributor no later than the end of Regular Trading Hours on the date such order is placed in order for creation of Creation Units to be effected based on the NAV of the Fund as determined on such date.

Securities have a value greater than the NAV of the Shares being redeemed, a compensating cash payment to the Trust equal to the differential plus the applicable redemption transaction fee will be required to be arranged for by or on behalf of the redeeming shareholder. The Fund reserves the right to honor a redemption request by delivering a basket of securities or cash that differs from the Fund Securities.¹⁸

Orders to redeem Creation Units of the Fund must be delivered through a DTC Participant that has executed the Participant Agreement with the Distributor and with the Trust. A DTC Participant who wishes to place an order for redemption of Creation Units of the Fund to be effected need not be a Participating Party, but such orders must state that redemption of Creation Units of the Fund will instead be effected through transfer of Creation Units of the Fund directly through DTC. An order to redeem Creation Units of the Fund is deemed received by the Administrator on the transmittal date if (i) such order is received by the Administrator not later than 4:00 p.m. Eastern Time on such transmittal date; (ii) such order is preceded or accompanied by the requisite number of Shares of Creation Units specified in such order, which delivery must be made through DTC to the Administrator no later than 11:00 a.m. Eastern Time, on such transmittal date (the “DTC Cut-Off-Time”); and (iii) all other procedures set forth in the Participant Agreement are properly followed.

After the Administrator has deemed an order for redemption received, the Administrator will initiate procedures to transfer the requisite Fund Securities (or

¹⁸ The Adviser represents that, to the extent that the Trust permits or requires a “cash in lieu” amount, such transactions will be effected in the same or equitable manner for all Authorized Participants.

contracts to purchase such Fund Securities) which are expected to be delivered within three business days and the cash redemption payment to the redeeming beneficial owner by the third business day following the transmittal date on which such redemption order is deemed received by the Administrator.

Availability of Information

The Fund's website, which will be publicly available prior to the public offering of Shares, will include a form of the prospectus for the Fund that may be downloaded. The website will include additional quantitative information updated on a daily basis, including, for the Fund: (1) the prior business day's reported NAV, daily trading volume, and a calculation of the premium and discount 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 Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters. Daily trading volume information for the Fund will also be available in the financial section of newspapers, through subscription services such as Bloomberg, Thomson Reuters, and International Data Corporation, which can be accessed by authorized participants and other investors, as well as through other electronic services, including major public websites. On each business day, before commencement of trading in Shares during Regular Trading Hours¹⁹ on the Exchange, the Fund will disclose on its website the identities and quantities of the portfolio of securities and other assets in the portfolio held by the Fund that will form the basis for the Fund's calculation of NAV at the end of the business day. The portfolio will include, as

¹⁹ Regular Trading Hours are 9:30 a.m. to 4:00 p.m. Eastern Time.

applicable: the ticker symbol; CUSIP number or other identifier, if any; a description of the holding (including the type of holding, such as the type of swap); the identity of the security, index or other asset or instrument underlying the holding, if any; for options, the option strike price; quantity held (as measured by, for example, par value, notional value or number of shares, contracts, or units); maturity date, if any; coupon rate, if any; effective date, if any; market value of the holding; and the percentage weighting of the holding in the Fund's portfolio. The website and information will be publicly available at no charge. The value, components, and percentage weightings of the Index will be calculated and disseminated at least once daily and will be available from major market data vendors. Rules governing the Index are available on Index Provider's website and in the Fund's prospectus.

In addition, an estimated value, defined in BZX Rule 14.11(c)(6)(A) as the "Intraday Indicative Value," that reflects an estimated intraday value of the Fund's portfolio, will be disseminated. Moreover, the Intraday Indicative Value will be based upon the current value for the components of the daily disclosed portfolio and will be updated and widely disseminated by one or more major market data vendors at least every 15 seconds during the Exchange's Regular Trading Hours.²⁰ In addition, the quotations of certain of the Fund's holdings may not be updated during U.S. trading hours if updated prices cannot be ascertained.

²⁰ Currently, it is the Exchange's understanding that several major market data vendors display and/or make widely available Intraday Indicative Values published via the Consolidated Tape Association ("CTA") or other data feeds.

The dissemination of the Intraday Indicative Value, together with the daily disclosed portfolio, will allow investors to determine the value of the underlying portfolio of the Fund on a daily basis and provide a close estimate of that value throughout the trading day.

Quotation and last sale information for the Shares of the Fund will be available via the CTA high speed line. Quotation information for investment company securities (excluding ETFs) may be obtained through nationally recognized pricing services through subscription agreements or from brokers and dealers who make markets in such securities. Price information regarding municipal bonds, convertible securities, and non-exchange traded assets, including investment companies, derivatives, money market instruments, repurchase agreements, structured notes, participation notes, and WIs is available from third party pricing services and major market data vendors. For exchange-traded assets, including investment companies, futures, warrants, and options, such intraday information is available directly from the applicable listing exchange.

Initial and Continued Listing

The Shares of the Fund will conform to the initial and continued listing criteria under BZX Rule 14.11(c)(4), except for those set forth in 14.11(c)(4)(B)(i)(b). The Exchange represents that, for initial and/or continued listing, the Fund and the Trust must be in compliance with Rule 10A-3 under the Act.²¹ A minimum of 50,000 Shares of the Fund will be outstanding at the commencement of trading on the Exchange. The Exchange will obtain a representation from the issuer of the Shares that the NAV per

²¹ See 17 CFR 240.10A-3.

Share for the Fund will be calculated daily and will be made available to all market participants at the same time.

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. The Exchange will halt trading in the Shares under the conditions specified in BZX Rule 11.18. Trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) the extent to which trading is not occurring in the securities and/or the financial instruments composing the daily disclosed portfolio of the Fund; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. Trading in the Shares also will be subject to Rule 14.11(c)(1)(B)(iv), which sets forth circumstances under which Shares of the Fund may be halted.

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. The Exchange will allow trading in the Shares from 8:00 a.m. until 5:00 p.m. Eastern Time and has the appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in BZX Rule 11.11(a), the minimum price variation for quoting and entry of orders in securities traded on the Exchange is \$0.01, with the exception of securities that are priced less than \$1.00, for which the minimum price variation for order entry is \$0.0001.

Surveillance

The Exchange believes that its surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws.

Trading of the Shares through the Exchange will be subject to the Exchange's surveillance procedures for derivative products, including Index Fund Shares. 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 Exchange Act, the Exchange will surveil 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 Exchange Rule 14.12. The Exchange, or FINRA on behalf of the Exchange, may obtain information regarding trading in the Shares and the underlying shares in exchange traded equity securities via the ISG, from other exchanges that are members or affiliates of the ISG, or with which the Exchange has entered into a comprehensive surveillance sharing agreement.²² In addition, the Exchange, or FINRA on behalf of the Exchange, is able to access, as needed, trade information for certain fixed income instruments reported to FINRA's Trade Reporting and Compliance Engine ("TRACE"). The Exchange, or FINRA, on behalf of the Exchange, can also access data obtained from the Municipal Securities Rulemaking Board ("MSRB") relating to municipal bond trading activity for surveillance purposes in connection with trading in the Shares. In addition, the

²² For a list of the current members of ISG, see www.isgportal.org. The Exchange notes that not all components of the portfolio for the Fund may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

Exchange, or FINRA on behalf of the Exchange, may obtain information regarding trading in the Shares and the underlying shares in exchange-traded investment companies, futures, options, and warrants from markets or other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. The Exchange prohibits the distribution of material non-public information by its employees.

Information Circular

Prior to the commencement of trading, the Exchange will inform its members in an Information Circular of the special characteristics and risks associated with trading the Shares. Specifically, the Information Circular will discuss the following: (1) the procedures for purchases and redemptions of Shares in Creation Units (and that Shares are not individually redeemable); (2) BZX Rule 3.7, which imposes suitability obligations on Exchange members with respect to recommending transactions in the Shares to customers; (3) how information regarding the Intraday Indicative Value and portfolio is disseminated; (4) the risks involved in trading the Shares during the Pre-Opening²³ and After Hours Trading Sessions²⁴ when an updated Intraday Indicative Value will not be calculated or publicly disseminated; (5) the requirement that members deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (6) trading information.

In addition, the Information Circular will advise members, prior to the commencement of trading, of the prospectus delivery requirements applicable to the

²³ The Pre-Opening Session is from 8:00 a.m. to 9:30 a.m. Eastern Time.

²⁴ The After Hours Trading Session is from 4:00 p.m. to 5:00 p.m. Eastern Time.

Fund. Members purchasing Shares from the Fund for resale to investors will deliver a prospectus to such investors. The Information Circular will also discuss any exemptive, no-action, and interpretive relief granted by the Commission from any rules under the Act.

In addition, the Information Circular will reference that the Fund is subject to various fees and expenses described in the Registration Statement. The Information Circular will also disclose the trading hours of the Shares of the Fund and the applicable NAV calculation time for the Shares. The Information Circular will disclose that information about the Shares of the Fund will be publicly available on the Fund's website. In addition, the Information Circular will reference that the Trust is subject to various fees and expenses described in the Fund's Registration Statement.

b. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act²⁵ in general and Section 6(b)(5) of the Act²⁶ in particular 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.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed and traded

²⁵ 15 U.S.C. 78f.

²⁶ 15 U.S.C. 78f(b)(5).

on the Exchange pursuant to the listing criteria in BZX Rule 14.11(c). The Exchange believes that its surveillances, which generally focus on detecting securities trading outside of their normal patterns which could be indicative of manipulative or other violative activity, and associated surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws. The Exchange, or FINRA on behalf of the Exchange, will communicate as needed regarding trading in the Shares with other markets or other entities that are members of the Intermarket Surveillance group (“ISG”), and may obtain trading information regarding trading in the Shares from such markets or entities. The Exchange, or FINRA on behalf of the Exchange, can also access data obtained from the MSRB relating to municipal bond trading activity for surveillance purposes in connection with trading in the Shares. The Exchange, or FINRA on behalf of the Exchange, is able to access, as needed, trade information for certain fixed income securities held by the Fund reported to FINRA’s TRACE. In addition, the Exchange, or FINRA on behalf of the Exchange, may obtain information regarding trading in the Shares and the underlying shares in exchange-traded investment companies, futures, options, and warrants from markets or other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

The Index Provider is not a broker-dealer, but is affiliated with a broker-dealer and has implemented and will maintain a “fire wall” with respect to such broker-dealer regarding access to information concerning the composition and/or changes to the Index.

The Index Provider has also implemented procedures designed to prevent the use and dissemination of material, non-public information regarding the Index.

As of November 30, 2016, 86.49% of the weight of the Index components was comprised of individual maturities that were part of an entire municipal bond offering with a minimum original principal amount outstanding \$100 million or more for all maturities of the offering. In addition, the total dollar amount outstanding of issues in the Index was approximately \$1.5 trillion and the average dollar amount outstanding of issues in the Index was approximately \$30.4 million. Further, the most heavily weighted component represented 1.57% of the weight of the Index and the five most heavily weighted components represented 3.93% of the weight of the Index.²⁷ Therefore, the Exchange believes that, notwithstanding that the Index does not satisfy the criterion in Rule 14.11(c)(4)(B)(i)(b), the Index is sufficiently broad-based to deter potential manipulation, given that it is comprised of approximately 50,615 issues.

The value, components, and percentage weightings of the Index will be calculated and disseminated at least once daily and will be available from major market data vendors. In addition, the portfolio of securities held by the Fund will be disclosed on the Fund's website at www.vaneck.com/etfs. The intraday indicative value for Shares of the Fund will be disseminated by one or more major market data vendors, updated at least every 15 seconds during Regular Trading Hours. The Adviser

²⁷ Rule 14.11(c)(4)(B)(i)(d) provides that no component fixed-income security (excluding Treasury Securities, as defined therein) shall represent more than 30% of the weight of the index or portfolio, and the five most heavily weighted component fixed-income securities in the index or portfolio shall not in the aggregate account for more than 65% of the weight of the index or portfolio.

represents that bonds that share similar characteristics, as described above, tend to trade similarly to one another; therefore, within these categories, the issues may be considered fungible from a portfolio management perspective. Within a single municipal bond issuer, Adviser represents that separate issues by the same issuer are also likely to trade similarly to one another.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that a large amount of information will be publicly available regarding the Fund and the Shares, thereby promoting market transparency. The Fund's portfolio holdings will be disclosed on the Fund's website daily after the close of trading on the Exchange and prior to the opening of trading on the Exchange the following day. Moreover, the IIV will be widely disseminated by one or more major market data vendors at least every 15 seconds during Regular Trading Hours. The current value of the Index will be disseminated by one or more major market data vendors at least once per day. Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services, and quotation and last sale information will be available via the CTA high-speed line. The website for the Fund will include the prospectus for the Fund and additional data relating to NAV and other applicable quantitative information. Moreover, prior to the commencement of trading, the Exchange will inform its Members in an information circular of the special characteristics and risks associated with trading the Shares. If the Exchange becomes aware that the NAV is not being 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. 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. 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. These may include: (1) the extent to which trading is not occurring in the securities and/or the financial instruments composing the daily disclosed portfolio of the Fund; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. Trading in the Shares also will be subject to Rule 14.11(c)(1)(B)(iv), which sets forth circumstances under which Shares of the Fund may be halted. If the IIV of the Fund or value of the Index are not being disseminated as required, the Exchange may halt trading during the day in which the interruption to the dissemination of the IIV or Index value occurs.

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 an additional type of exchange-traded funds that holds municipal bonds and 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 relating to trading in the Shares and may obtain information in the Shares and the underlying shares in exchange-traded investment companies, futures, options, and warrants via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement.

In addition, investors will have ready access to information regarding the IIV and quotation and last sale information for the Shares.

For the above reasons, the Exchange believes that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act.

4. 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 an additional exchange-traded product that will enhance competition among market participants, to the benefit of investors and the marketplace.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

The Exchange requests the Commission to find good cause to accelerate effectiveness of this proposed rule change pursuant to Section 19(b)(2) of the Exchange Act and to approve the proposed rule change prior to the 30th day after publication of the proposed rule change in the Federal Register. The Exchange believes there is good cause to grant expedited review and accelerated effectiveness of this proposal because the issues raised are similar to those raised in other proposed rule changes that have been

approved by the Commission relating to listing and trading of other issues of exchange traded funds based on an index of municipal bonds.²⁸

8. Proposed Rule Change Based on Rule of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1: Completed Notice of the Proposed Rule Change for publication in the Federal Register.

Exhibit 2 – 5: Not applicable.

²⁸ See, e.g., Securities Exchange Act Release Nos. 75468 (July 16, 2015), 80 FR 43500 (July 22, 2015) (SR-NYSEArca-2015-25) (order approving proposed rule change relating to the listing and trading of iShares iBonds Dec 2021 AMT-Free Muni Bond ETF and iShares iBonds Dec 2022 AMT-Free Muni Bond ETF under NYSE Arca Equities Rule 5.2(j)(3)); 74730 75376 (July 7, 2015), 80 FR 40113 (July 13, 2015) (SR-NYSEArca-2015-18) (order approving proposed rule change relating to the listing and trading of Vanguard Tax-Exempt Bond Index Fund under NYSE Arca Equities Rule 5.2(j)(3)).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____; File No. SR-BatsBZX-2017-07 Amendment No. 1)

Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Filing of a Proposed Rule Change to List and Trade Under BZX Rule 14.11(c)(4) the Shares of the VanEck Vectors AMT-Free National Municipal Index ETF of VanEck Vectors ETF Trust

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on _____, Bats BZX Exchange, Inc. (the “Exchange” or “BZX”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. 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 filed a proposal to list and trade under BZX Rule 14.11(c)(4) the shares of the VanEck Vectors AMT-Free National Municipal Index ETF (the “Fund”) of VanEck Vectors ETF Trust (the “Trust”).

The text of the proposed rule change is available at the Exchange’s website at www.bats.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 Exchange included statements concerning

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these 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.

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

1. Purpose

This Amendment No. 1 to SR-BatsBZX-2017-07 amends and replaces in its entirety the proposal as originally submitted on January 27, 2017. The Exchange submits this Amendment No. 1 in order to clarify certain points and add additional details about the Fund.

The Exchange proposes to list and trade shares (“Shares”) of the Fund under BZX Rule 14.11(c)(4),³ which governs the listing and trading of index fund shares based on fixed income securities indexes.⁴ The Shares will be offered by the Trust, which was

³ The Commission approved BZX Rule 14.11(c) in Securities Exchange Act Release No. 65225 (August 30, 2011), 76 FR 55148 (September 6, 2011) (SR-BATS-2011-018).

⁴ The Commission previously has approved proposed rule changes relating to listing and trading of funds based on municipal bond indexes. See Securities Exchange Act Release Nos. 78329 (July 14, 2016), 81 FR 47217 (July 20, 2016) (SR-BatsBZX-2016-01) (order approving the listing and trading of the following series of VanEck Vectors ETF Trust: VanEck Vectors AMT-Free 6-8 Year Municipal Index ETF; VanEck Vectors AMT-Free 8-12 Year Municipal Index ETF; and VanEck Vectors AMT-Free 12-17 Year Municipal Index ETF); 67985 (October 4, 2012), 77 FR 61804 (October 11, 2012) (SR-NYSEArca-2012-92) (order approving proposed rule change relating to the listing and trading of iShares 2018 S&P AMT-Free Municipal Series and iShares 2019 S&P AMT-Free Municipal Series under NYSE Arca, Inc. (“NYSE Arca”) Rule 5.2(j)(3), Commentary .02); 72523 (July 2, 2014), 79 FR 39016 (July 9, 2014) (SR-NYSEArca-2014-37) (order approving proposed rule change relating to the listing and trading of iShares 2020 S&P AMT-Free Municipal Series under NYSE Arca

established as a Delaware statutory trust on March 15, 2001. The Trust is registered with the Commission as an open-end investment company and has filed a registration statement on behalf of the Fund on Form N-1A (“Registration Statement”) with the Commission.⁵ All statements and representations made in this filing regarding (a) the description of the portfolio, (b) limitations on portfolio holdings or reference assets, or (c) the applicability of Exchange rules and surveillance procedures shall constitute continued listing requirements for listing the Shares on the Exchange.

Description of the Shares and the Fund

Rule 5.2(j)(3), Commentary .02); and 75468 (July 16, 2015), 80 FR 43500 (July 22, 2015) (SR-NYSEArca-2015-25) (order approving proposed rule change relating to the listing and trading of the iShares iBonds Dec 2021 AMT-Free Muni Bond ETF and iShares iBonds Dec 2022 AMT-Free Muni Bond ETF under NYSE Arca Rule 5.2(j)(3), Commentary .02). The Commission also has issued a notice of filing and immediate effectiveness of a proposed rule change relating to listing and trading on NYSE Arca of the iShares Taxable Municipal Bond Fund. See Securities Exchange Act Release No. 63176 (October 25, 2010), 75 FR 66815 (October 29, 2010) (SR-NYSEArca-2010-94). The Commission has approved two actively managed funds of the PIMCO ETF Trust that hold municipal bonds. See Securities Exchange Act Release No. 60981 (November 10, 2009), 74 FR 59594 (November 18, 2009) (SR-NYSEArca-2009-79) (order approving listing and trading of PIMCO ShortTerm Municipal Bond Strategy Fund and PIMCO Intermediate Municipal Bond Strategy Fund, among others). The Commission also has approved listing and trading of the SPDR Nuveen S&P High Yield Municipal Bond Fund. See Securities Exchange Act Release No.63881 (February 9, 2011), 76 FR 9065 (February 16, 2011) (SR-NYSEArca-2010-120).

⁵ See Registration Statement on Form N-1A for the Trust, dated October 31, 2016 (File Nos. 333-123257 and 811-10325). The descriptions of the Fund and the Shares contained herein are based, in part, on information in the Registration Statement. The Commission has issued an order granting certain exemptive relief to the Trust under the Investment Company Act of 1940 (15 U.S.C. 80a-1) (“1940 Act”) (the “Exemptive Order”). See Investment Company Act Release No. 28021 (October 24, 2007) (File No. 812-13426).

Van Eck Associates Corporation will be the investment adviser (“Adviser”) to the Fund.⁶ The Adviser will serve as the administrator for the Fund (the “Administrator”). The Bank of New York Mellon will serve as the custodian (“Custodian”) and transfer agent (“Transfer Agent”) for the Fund. Van Eck Securities Corporation (the “Distributor”) will be the distributor of the Shares. Bloomberg Finance L.P. and its affiliates will be the index provider (“Index Provider”).

VanEck Vectors AMT-Free National Municipal Index ETF

According to the Registration Statement, the Fund will seek to replicate as closely as possible, before fees and expenses, the price and yield performance of the Bloomberg Barclays AMT-Free National Municipal Index (the “Index”). As of November 30, 2016, there were 50,615 issues in the Index. Unless otherwise noted, all statistics related to the Index presented hereafter were accurate as of November 30, 2016.

⁶ An investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 (the “Advisers Act”). As a result, the Adviser and its related personnel are subject to the provisions of Rule 204A-1 under the Advisers Act relating to codes of ethics. This Rule requires investment advisers to adopt a code of ethics that reflects the fiduciary nature of the relationship to clients as well as compliance with all applicable securities laws. Accordingly, procedures designed to prevent the communication and misuse of non-public information by an investment adviser must be consistent with Rule 204A-1 under the Advisers Act. In addition, Rule 206(4)-7 under the Advisers Act makes it unlawful for an investment adviser to provide investment advice to clients unless such investment adviser has (i) adopted and implemented written policies and procedures reasonably designed to prevent violation, by the investment adviser and its supervised persons, of the Advisers Act and the Commission rules adopted thereunder; (ii) implemented, at a minimum, an annual review regarding the adequacy of the policies and procedures established pursuant to subparagraph (i) above and the effectiveness of their implementation; and (iii) designated an individual (who is a supervised person) responsible for administering the policies and procedures adopted under subparagraph (i) above.

The Index tracks the municipal bond market by tracking two total return, market-size-weighted benchmark indexes with target weights as follows:

- A 75% weight in the Muni Investment-Grade Rated/\$75 Million Deal Size Index in order to gain exposure to investment grade municipal bonds (i.e., rated Baa3/BBB- or higher). To be included in the Muni Investment-Grade Rated/\$75 Million Deal Size Index, a bond must be rated Baa3/BBB- or higher by at least two of the following rating agencies if all three agencies rate the bond: Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Services ("S&P") and Fitch Ratings, Inc. ("Fitch"). If only two of the three agencies rate the bond, the lower rating is used to determine index eligibility. If only one of the three agencies rates the bond, the rating must be Baa3/BBB- or higher. Bonds in the Muni Investment-Grade Rated/\$75 Million Deal Size Index must have an outstanding par value of at least \$7 million and be issued as part of a transaction of at least \$75 million.
- A 25% weight in the Muni High Yield/\$20 Million Deal Size Index in order to gain exposure to non-investment grade municipal bonds (i.e., unrated or rated Ba1/BB+ or lower). To be included in the Muni High Yield/\$20 Million Deal Size Index, a bond must be unrated or rated Ba1/BB+ or lower by at least two of the following rating agencies if all three agencies rate the bond: Moody's, S&P and Fitch. If only two of the three agencies rate the bond, the lower rating is used to determine index eligibility. If only one of the three agencies rates the bond, the rating must be Ba1/BB+ or lower. Bonds in the Muni High

Yield/\$20 Million Deal Size Index must have an outstanding par value of at least \$3 million and be issued as part of a transaction of at least \$20 million.

All bonds included in the Index must have a fixed rate, a dated date (i.e., the date when interest begins to accrue) after December 31, 1990, and a nominal maturity of 1 to 30 years. Bonds subject to the alternative minimum tax, taxable municipal bonds, bonds with floating rates, derivatives and municipal bonds of issuers from the territories of the United States (e.g., Puerto Rico) are excluded from the Index. The composition of the Index is rebalanced monthly. Interest and principal payments earned by the component securities are held in the Index without a reinvestment return until month end when they are removed from the Index. Qualifying securities issued, but not necessarily settled, on or before the month end rebalancing date qualify for inclusion in the Index in the following month.

The Fund normally invests at least 80% of its total assets in securities that comprise the Fund's benchmark index. The Index is comprised of publicly traded municipal bonds that cover the U.S. dollar-denominated investment grade and high yield tax-exempt bond market. The Fund's 80% investment policy is non-fundamental and may be changed without shareholder approval upon 60 days' prior written notice to shareholders.⁷ The Fund also has adopted a fundamental investment policy to invest at

⁷ As noted herein, the Fund's policy to invest 80% of its total assets in securities that comprise the Fund's benchmark index (the "80% Investment Policy") is non-fundamental and may be changed without shareholder approval upon 60 days' prior written notice to shareholders. The Exchange notes that, notwithstanding the foregoing, all statements and representations made in this filing regarding (a) the description of the portfolio, (b) limitations on portfolio holdings or reference assets (including, for example, the Fund's 80% Investment Policy), or (c) the applicability of Exchange rules and surveillance procedures shall constitute

least 80% of its assets in municipal securities.⁸ When issued transactions (“WIs”)⁹ representing securities eligible for inclusion in the Index may be used by the Fund in seeking performance that corresponds to the Index and in such cases would count towards the Fund's 80% Investment Policy.

Other Portfolio Holdings

While the Fund normally will invest at least 80% of its total assets in securities that compose the Index, as described above, the Fund may invest its remaining assets in other financial instruments, as described below.

The Fund may invest its remaining assets in securities not included in the Index including only the following instruments: municipal bonds not included in the Index; money market instruments, including repurchase agreements or other funds which invest

continued listing requirements for listing the Shares on the Exchange. As noted below, 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 (or any changes made with respect to the Fund's 80% Investment Policy), and, pursuant to its obligations under Section 19(g)(1) of the Exchange Act, the Exchange will surveil 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 Exchange Rule 14.12.

⁸ The Fund's policy to invest 80% of its assets in municipal securities (the “Secondary 80% Policy”) is a fundamental investment policy. Fundamental investment policies, including the Secondary 80% Policy, cannot be changed without the approval of the holders of a majority of the Fund's outstanding voting securities. For purposes of the 1940 Act, a majority of the outstanding voting securities of the Fund means the vote, at an annual or a special meeting of the security holders of the Trust, of the lesser of (1) 67% or more of the voting securities of the Fund present at such meeting, if the holders of more than 50% of the outstanding voting securities of the Fund are present or represented by proxy, or (2) more than 50% of the outstanding voting securities of the Fund.

⁹ When issued is a transaction that is made conditionally because a security has been authorized but not yet issued. Treasury securities, stock splits, and new issues of stocks and bonds are all traded on a when-issued basis.

exclusively in money market instruments; convertible securities; structured notes (notes on which the amount of principal repayment and interest payments are based on the movement of one or more specified factors, such as the movement of a particular stock or stock index);¹⁰ certain derivative instruments described below; and, to the extent permitted by the 1940 Act, affiliated and unaffiliated funds, such as open-end or closed-end management investment companies, including other exchange-traded funds (“ETFs”).¹¹ In addition to the use described above, WIs not included in the Index may also be used by the Fund in managing cash flows. The Fund may use exchange-traded futures contracts and exchange-traded options thereon, together with positions in cash and money market instruments, to simulate full investment in the Index.

The Fund may use cleared or non-cleared index, interest rate or credit default swap agreements. Swap agreements are contracts between parties in which one party agrees to make payments to the other party based on the change in market value or level of a specified index or asset. Currently, interest rate swaps and credit default swaps on

¹⁰ Structured notes are derivative securities for which the amount of principal repayment and/or interest payments is based on the movement of one or more factors, including, but not limited to, currency exchange rates, interest rates (such as the prime lending rate or LIBOR), referenced bonds and stock indices.

¹¹ For purposes of this filing, ETFs include Index Fund Shares (as described in Rule 14.11(c)); Portfolio Depositary Receipts (as described in Rule 14.11(b)); and Managed Fund Shares (as described in Rule 14.11(i)). The ETFs all will be listed and traded in the U.S. on registered exchanges. The Fund may invest in the securities of ETFs registered under the 1940 Act consistent with the requirements of Section 12(d)(1) of the 1940 Act, or any rule, regulation or order of the Commission or interpretation thereof. While the Fund may invest in inverse ETFs, the Fund will not invest in leveraged or inverse leveraged (e.g., 2X, -2X, 3X or -3X) ETFs.

indexes may be cleared, however, credit default swaps on a specific security are currently uncleared.

The Fund may invest in exchange-traded warrants, which are equity securities in the form of options issued by a corporation which give the holder the right to purchase stock, usually at a price that is higher than the market price at the time the warrant is issued.

The Fund may invest in participation notes, which are issued by banks or broker-dealers and are designed to offer a return linked to the performance of a particular underlying equity security or market.

The Fund will only enter into transactions in derivative instruments with counterparties that the Adviser reasonably believes are capable of performing under the contract and will post collateral as required by the counterparty.¹²

Index Overview

The Exchange is submitting this proposed rule change because the Index for the Fund does not meet all of the “generic” listing requirements of Rule 14.11(c)(4) applicable to the listing of index fund shares based on fixed income securities indexes. The Index meets all such requirements except for those set forth in Rule

¹² The Fund will seek, where possible, to use counterparties, as applicable, whose financial status is such that the risk of default is reduced; however, the risk of losses resulting from default is still possible. The Adviser will evaluate the creditworthiness of counterparties on a regular basis. In addition to information provided by credit agencies, the Adviser will review approved counterparties using various factors, which may include the counterparty's reputation, the Adviser's past experience with the counterparty and the price/ market actions of debt of the counterparty.

14.11(c)(4)(B)(i)(b).¹³ Specifically, as of November 30, 2016, 25.04% of the weight of the Index components have a minimum original principal amount outstanding of \$100 million or more.

As of November 30, 2016, 86.49% of the weight of the Index components was comprised of individual maturities that were part of an entire municipal bond offering with a minimum original principal amount outstanding \$100 million or more for all maturities of the offering. In addition, the total dollar amount outstanding of issues in the Index was approximately \$1.5 trillion and the average dollar amount outstanding of issues in the Index was approximately \$30.4 million. Further, the most heavily weighted component represented 1.57% of the weight of the Index and the five most heavily weighted components represented 3.93% of the weight of the Index.¹⁴ Therefore, the Exchange believes that, notwithstanding that the Index does not satisfy the criterion in Rule 14.11(c)(4)(B)(i)(b), the Index is sufficiently broad-based to deter potential manipulation, given that it is comprised of approximately 50,615 issues. In addition, the Index securities are sufficiently liquid to deter potential manipulation in that a substantial portion (86.49%) of the Index weight is comprised of maturities that are part of an offering with a minimum original principal amount outstanding of \$100 million or more, and in view of the substantial total dollar amount outstanding and the average dollar

¹³ Rule 14.11(c)(4)(B)(i)(b) provides that components that in the aggregate account for at least 75% of the weight of the index or portfolio each shall have a minimum original principal amount outstanding of \$100 million or more.

¹⁴ Rule 14.11(c)(4)(B)(i)(d) provides that no component fixed-income security (excluding Treasury Securities, as defined therein) shall represent more than 30% of the weight of the index or portfolio, and the five most heavily weighted component fixed-income securities in the index or portfolio shall not in the aggregate account for more than 65% of the weight of the index or portfolio.

amount outstanding of the Index issues, as referenced above.¹⁵ 63.8% of the Index weight consisted of issues with a rating of AA/Aa2 or higher.

The Index value, calculated and disseminated at least once daily, as well as the components of the Index and their percentage weighting, will be available from major market data vendors. In addition, the portfolio of securities held by the Fund will be disclosed on the Fund's website at www.vaneck.com/etfs.

The Exchange represents that: (1) except for BZX Rule 14.11(c)(4)(B)(i)(b), the Index currently satisfies and will continue to satisfy all of the generic listing standards under BZX Rule 14.11(c)(4); (2) the continued listing standards under BZX Rule 14.11(c) applicable to index fund shares shall apply to the Shares of the Fund; and (3) the Trust is required to comply with Rule 10A-3¹⁶ under the Act for the initial and continued listing of the Shares of the Fund. In addition, the Exchange represents that the Shares of the Fund will comply with all other requirements applicable to index fund shares including, but not limited to, requirements relating to the dissemination of key information such as the value of the Index and the Intraday Indicative Value, rules governing the trading of equity securities, trading hours, trading halts, surveillance, and the information circular, as set forth in Exchange rules applicable to index fund shares and the orders approving such rules.

Correlation Among Municipal Bond Instruments with Common Characteristics

¹⁵ The Adviser represents that when bonds are close substitutes for one another, pricing vendors can use executed trade information from all similar bonds as pricing inputs for an individual security. This can make individual securities more liquid.

¹⁶ CFR 240.10A-3.

With respect to the Fund, the Adviser represents that the nature of the municipal bond market and municipal bond instruments makes it feasible to categorize individual issues represented by CUSIPs (i.e., the specific identifying number for a security) into categories according to common characteristics, specifically, rating, geographical region, purpose, and maturity. Bonds that share similar characteristics tend to trade similarly to one another; therefore, within these categories, the issues may be considered fungible from a portfolio management perspective, allowing one CUSIP to be represented by another that shares similar characteristics for purposes of developing an investment strategy. Therefore, while 25.04% of the weight of the Index components have a minimum original principal amount outstanding of \$100 million or more, the nature of the municipal bond market makes the issues relatively fungible for investment purposes when aggregated into categories such as ratings, geographical region, purpose and maturity. In addition, within a single municipal bond issuer, there are often multiple contemporaneous or sequential issuances that have the same rating, structure and maturity, but have different CUSIPs; these separate issues by the same issuer are also likely to trade similarly to one another.

The Adviser represents that the Fund is managed utilizing the principle that municipal bond issues are generally fungible in nature when sharing common characteristics, and specifically make use of the four categories referred to above. In addition, this principle is used in, and consistent with, the portfolio construction process in order to facilitate the creation and redemption process, and to enhance liquidity (among other benefits, such as reducing transaction costs), while still allowing the Fund to closely track the Index.

Net Asset Value

According to the Registration Statement, the net asset value (“NAV”) of the Fund will be determined each business day as of the close of trading (ordinarily 4:00 p.m. Eastern Time) on the Exchange.

The values of the Fund’s portfolio assets are based on the assets’ closing prices, when available. In the absence of a last reported sales price, or if no sales were reported, and for other assets for which market quotes are not readily available, values may be based on quotes obtained from a quotation reporting system, established market makers or by an outside independent pricing service. Fixed income instruments, repurchase agreements and money market instruments with maturities of more than 60 days are normally valued on the basis of quotes from brokers or dealers, established market makers or an outside independent pricing service. Prices obtained by an outside independent pricing service may use information provided by market makers or estimates of market values obtained from yield data related to investments or securities with similar characteristics and may use a computerized grid matrix of securities and its evaluations in determining what it believes is the fair value of the portfolio assets. Any assets or liabilities denominated in currencies other than the U.S. dollar are converted into U.S. dollars at the current market rates on the date of valuation as quoted by one or more sources. Fixed income instruments, repurchase agreements and money market instruments having a maturity of 60 days or less are valued at amortized cost. Futures contracts will be valued at the settlement price established each day by the board or exchange on which they are traded. Exchange-traded options will be valued at the closing price in the market where such contracts are principally traded. Swaps, structured

notes, participation notes, convertible securities, and WIs will be valued based on valuations provided by independent, third-party pricing agents. Securities of non-exchange-traded investment companies will be valued at NAV. Exchange-traded instruments, including investment companies and warrants, will be valued at the last reported sale price on the primary exchange or market on which they are traded.

If a market quotation for a security or other asset is not readily available or the Adviser believes it does not otherwise accurately reflect the market value of the security or asset at the time the Fund calculates its NAV, the security or asset will be fair valued by the Adviser in accordance with the Trust's valuation policies and procedures approved by the Board of Trustees and in accordance with the 1940 Act. The Fund may also use fair value pricing in a variety of circumstances, including but not limited to, situations when the value of a security in the Fund's portfolio has been materially affected by events occurring after the close of the market on which the security is principally traded (such as a corporate action or other news that may materially affect the price of a security) or trading in a security has been suspended or halted.

Creation and Redemption of Shares

The NAV of the Fund will be determined each business day as of the close of trading, (normally 4:00 p.m. Eastern Time) on the Exchange. The Fund currently anticipates that a "Creation Unit" will consist of 50,000 Shares, though this number may change from time to time, including prior to the listing of the Fund. The exact number of Shares that will comprise a Creation Unit will be disclosed in the Registration Statement of the Fund. The Trust will issue and sell Shares of the Fund only in Creation Units on a continuous basis through the Distributor, without an initial sales load (but subject to

transaction fees), at their NAV per Share next determined after receipt, on any business day, of an order in proper form.

The consideration for purchase of a Creation Unit of the Fund generally will consist of either (i) the in-kind deposit of a designated portfolio of fixed income securities (the “Deposit Securities”) per each Creation Unit and the Cash Component (defined below), computed as described below, or (ii) as permitted or required by the Fund, of cash. The Cash Component together with the Deposit Securities, as applicable, are referred to as the “Fund Deposit,” which represents the minimum initial and subsequent investment amount for Shares. The Cash Component represents the difference between the NAV of a Creation Unit and the market value of Deposit Securities and may include a Dividend Equivalent Payment. The “Dividend Equivalent Payment” enables the Fund to make a complete distribution of dividends on the next dividend payment date, and is an amount equal, on a per Creation Unit basis, to the dividends on all the securities held by the Fund (“Fund Securities”) with ex-dividend dates within the accumulation period for such distribution (the “Accumulation Period”), net of expenses and liabilities for such period, as if all of the Fund Securities had been held by the Trust for the entire Accumulation Period. The Accumulation Period begins on the ex-dividend date for the Fund and ends on the next ex-dividend date.

The Administrator, through the National Securities Clearing Corporation (“NSCC”), makes available on each business day, immediately prior to the opening of business on the Exchange (currently 9:30 a.m. Eastern Time), the list of the names and the required number of shares of each Deposit Security to be included in the current Fund Deposit (based on information at the end of the previous business day) as well as the

Cash Component for the Fund. Such Fund Deposit is applicable, subject to any adjustments, in order to effect creations of Creation Units of the Fund until such time as the next-announced Fund Deposit composition is made available.

Shares may be redeemed only in Creation Units at their NAV next determined after receipt of a redemption request in proper form by the Distributor,¹⁷ only on a business day and only through a Participating Party or DTC Participant who has executed a Participation Agreement.

The Administrator, through NSCC, makes available immediately prior to the opening of business on the Exchange (currently 9:30 a.m. Eastern Time) on each day that the Exchange is open for business, the Fund Securities that will be applicable (subject to possible amendment or correction) to redemption requests received in proper form on that day.

Unless cash redemptions are permitted or required for the Fund, the redemption proceeds for a Creation Unit generally consist of Fund Securities as announced by the Administrator on the business day of the request for redemption, plus cash in an amount equal to the difference between the NAV of the Shares being redeemed, as next

¹⁷ To be eligible to place orders with the Distributor to create Creation Units of the Fund, an entity or person either must be: (1) a “Participating Party,” *i.e.*, a broker-dealer or other participant in the Clearing Process through the Continuous Net Settlement System of the NSCC; or (2) a DTC Participant (as defined below); and, in either case, must have executed an agreement with the Distributor and the Transfer Agent (as it may be amended from time to time in accordance with its terms) (“Participant Agreement”). DTC Participants are participants of the Depository Trust Company (“DTC”) that acts as securities depository for Index Fund Shares. A Participating Party and DTC Participant are collectively referred to as an “Authorized Participant.” All orders to create Creation Units must be received by the Distributor no later than the end of Regular Trading Hours on the date such order is placed in order for creation of Creation Units to be effected based on the NAV of the Fund as determined on such date.

determined after a receipt of a request in proper form, and the value of the Fund Securities, less the redemption transaction fee and variable fees. Should the Fund Securities have a value greater than the NAV of the Shares being redeemed, a compensating cash payment to the Trust equal to the differential plus the applicable redemption transaction fee will be required to be arranged for by or on behalf of the redeeming shareholder. The Fund reserves the right to honor a redemption request by delivering a basket of securities or cash that differs from the Fund Securities.¹⁸

Orders to redeem Creation Units of the Fund must be delivered through a DTC Participant that has executed the Participant Agreement with the Distributor and with the Trust. A DTC Participant who wishes to place an order for redemption of Creation Units of the Fund to be effected need not be a Participating Party, but such orders must state that redemption of Creation Units of the Fund will instead be effected through transfer of Creation Units of the Fund directly through DTC. An order to redeem Creation Units of the Fund is deemed received by the Administrator on the transmittal date if (i) such order is received by the Administrator not later than 4:00 p.m. Eastern Time on such transmittal date; (ii) such order is preceded or accompanied by the requisite number of Shares of Creation Units specified in such order, which delivery must be made through DTC to the Administrator no later than 11:00 a.m. Eastern Time, on such transmittal date (the “DTC Cut-Off-Time”); and (iii) all other procedures set forth in the Participant Agreement are properly followed.

¹⁸ The Adviser represents that, to the extent that the Trust permits or requires a “cash in lieu” amount, such transactions will be effected in the same or equitable manner for all Authorized Participants.

After the Administrator has deemed an order for redemption received, the Administrator will initiate procedures to transfer the requisite Fund Securities (or contracts to purchase such Fund Securities) which are expected to be delivered within three business days and the cash redemption payment to the redeeming beneficial owner by the third business day following the transmittal date on which such redemption order is deemed received by the Administrator.

Availability of Information

The Fund's website, which will be publicly available prior to the public offering of Shares, will include a form of the prospectus for the Fund that may be downloaded. The website will include additional quantitative information updated on a daily basis, including, for the Fund: (1) the prior business day's reported NAV, daily trading volume, and a calculation of the premium and discount 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 Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters. Daily trading volume information for the Fund will also be available in the financial section of newspapers, through subscription services such as Bloomberg, Thomson Reuters, and International Data Corporation, which can be accessed by authorized participants and other investors, as well as through other electronic services, including major public websites. On each business day, before commencement of trading in Shares during Regular Trading Hours¹⁹ on the Exchange, the Fund will disclose on its website the identities and quantities of the portfolio of securities and other assets in the portfolio held by the Fund that will form the basis for the

¹⁹ Regular Trading Hours are 9:30 a.m. to 4:00 p.m. Eastern Time.

Fund's calculation of NAV at the end of the business day. The portfolio will include, as applicable: the ticker symbol; CUSIP number or other identifier, if any; a description of the holding (including the type of holding, such as the type of swap); the identity of the security, index or other asset or instrument underlying the holding, if any; for options, the option strike price; quantity held (as measured by, for example, par value, notional value or number of shares, contracts, or units); maturity date, if any; coupon rate, if any; effective date, if any; market value of the holding; and the percentage weighting of the holding in the Fund's portfolio. The website and information will be publicly available at no charge. The value, components, and percentage weightings of the Index will be calculated and disseminated at least once daily and will be available from major market data vendors. Rules governing the Index are available on Index Provider's website and in the Fund's prospectus.

In addition, an estimated value, defined in BZX Rule 14.11(c)(6)(A) as the "Intraday Indicative Value," that reflects an estimated intraday value of the Fund's portfolio, will be disseminated. Moreover, the Intraday Indicative Value will be based upon the current value for the components of the daily disclosed portfolio and will be updated and widely disseminated by one or more major market data vendors at least every 15 seconds during the Exchange's Regular Trading Hours.²⁰ In addition, the quotations of certain of the Fund's holdings may not be updated during U.S. trading hours if updated prices cannot be ascertained.

²⁰ Currently, it is the Exchange's understanding that several major market data vendors display and/or make widely available Intraday Indicative Values published via the Consolidated Tape Association ("CTA") or other data feeds.

The dissemination of the Intraday Indicative Value, together with the daily disclosed portfolio, will allow investors to determine the value of the underlying portfolio of the Fund on a daily basis and provide a close estimate of that value throughout the trading day.

Quotation and last sale information for the Shares of the Fund will be available via the CTA high speed line. Quotation information for investment company securities (excluding ETFs) may be obtained through nationally recognized pricing services through subscription agreements or from brokers and dealers who make markets in such securities. Price information regarding municipal bonds, convertible securities, and non-exchange traded assets, including investment companies, derivatives, money market instruments, repurchase agreements, structured notes, participation notes, and WIs is available from third party pricing services and major market data vendors. For exchange-traded assets, including investment companies, futures, warrants, and options, such intraday information is available directly from the applicable listing exchange.

Initial and Continued Listing

The Shares of the Fund will conform to the initial and continued listing criteria under BZX Rule 14.11(c)(4), except for those set forth in 14.11(c)(4)(B)(i)(b). The Exchange represents that, for initial and/or continued listing, the Fund and the Trust must be in compliance with Rule 10A-3 under the Act.²¹ A minimum of 50,000 Shares of the Fund will be outstanding at the commencement of trading on the Exchange. The Exchange will obtain a representation from the issuer of the Shares that the NAV per

²¹ See 17 CFR 240.10A-3.

Share for the Fund will be calculated daily and will be made available to all market participants at the same time.

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. The Exchange will halt trading in the Shares under the conditions specified in BZX Rule 11.18. Trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) the extent to which trading is not occurring in the securities and/or the financial instruments composing the daily disclosed portfolio of the Fund; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. Trading in the Shares also will be subject to Rule 14.11(c)(1)(B)(iv), which sets forth circumstances under which Shares of the Fund may be halted.

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. The Exchange will allow trading in the Shares from 8:00 a.m. until 5:00 p.m. Eastern Time and has the appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in BZX Rule 11.11(a), the minimum price variation for quoting and entry of orders in securities traded on the Exchange is \$0.01, with the exception of securities that are priced less than \$1.00, for which the minimum price variation for order entry is \$0.0001.

Surveillance

The Exchange believes that its surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws.

Trading of the Shares through the Exchange will be subject to the Exchange's surveillance procedures for derivative products, including Index Fund Shares. 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 Exchange Act, the Exchange will surveil 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 Exchange Rule 14.12. The Exchange, or FINRA on behalf of the Exchange, may obtain information regarding trading in the Shares and the underlying shares in exchange traded equity securities via the ISG, from other exchanges that are members or affiliates of the ISG, or with which the Exchange has entered into a comprehensive surveillance sharing agreement.²² In addition, the Exchange, or FINRA on behalf of the Exchange, is able to access, as needed, trade information for certain fixed income instruments reported to FINRA's Trade Reporting and Compliance Engine ("TRACE"). The Exchange, or FINRA, on behalf of the Exchange, can also access data obtained from the Municipal Securities Rulemaking Board ("MSRB") relating to municipal bond trading activity for surveillance purposes in connection with trading in the Shares. In addition, the

²² For a list of the current members of ISG, see www.isgportal.org. The Exchange notes that not all components of the portfolio for the Fund may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

Exchange, or FINRA on behalf of the Exchange, may obtain information regarding trading in the Shares and the underlying shares in exchange-traded investment companies, futures, options, and warrants from markets or other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. The Exchange prohibits the distribution of material non-public information by its employees.

Information Circular

Prior to the commencement of trading, the Exchange will inform its members in an Information Circular of the special characteristics and risks associated with trading the Shares. Specifically, the Information Circular will discuss the following: (1) the procedures for purchases and redemptions of Shares in Creation Units (and that Shares are not individually redeemable); (2) BZX Rule 3.7, which imposes suitability obligations on Exchange members with respect to recommending transactions in the Shares to customers; (3) how information regarding the Intraday Indicative Value and portfolio is disseminated; (4) the risks involved in trading the Shares during the Pre-Opening²³ and After Hours Trading Sessions²⁴ when an updated Intraday Indicative Value will not be calculated or publicly disseminated; (5) the requirement that members deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (6) trading information.

In addition, the Information Circular will advise members, prior to the commencement of trading, of the prospectus delivery requirements applicable to the

²³ The Pre-Opening Session is from 8:00 a.m. to 9:30 a.m. Eastern Time.

²⁴ The After Hours Trading Session is from 4:00 p.m. to 5:00 p.m. Eastern Time.

Fund. Members purchasing Shares from the Fund for resale to investors will deliver a prospectus to such investors. The Information Circular will also discuss any exemptive, no-action, and interpretive relief granted by the Commission from any rules under the Act.

In addition, the Information Circular will reference that the Fund is subject to various fees and expenses described in the Registration Statement. The Information Circular will also disclose the trading hours of the Shares of the Fund and the applicable NAV calculation time for the Shares. The Information Circular will disclose that information about the Shares of the Fund will be publicly available on the Fund's website. In addition, the Information Circular will reference that the Trust is subject to various fees and expenses described in the Fund's Registration Statement.

2. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act²⁵ in general and Section 6(b)(5) of the Act²⁶ in particular 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.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed and traded

²⁵ 15 U.S.C. 78f.

²⁶ 15 U.S.C. 78f(b)(5).

on the Exchange pursuant to the listing criteria in BZX Rule 14.11(c). The Exchange believes that its surveillances, which generally focus on detecting securities trading outside of their normal patterns which could be indicative of manipulative or other violative activity, and associated surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws. The Exchange, or FINRA on behalf of the Exchange, will communicate as needed regarding trading in the Shares with other markets or other entities that are members of the Intermarket Surveillance group (“ISG”), and may obtain trading information regarding trading in the Shares from such markets or entities. The Exchange, or FINRA on behalf of the Exchange, can also access data obtained from the MSRB relating to municipal bond trading activity for surveillance purposes in connection with trading in the Shares. The Exchange, or FINRA on behalf of the Exchange, is able to access, as needed, trade information for certain fixed income securities held by the Fund reported to FINRA’s TRACE. In addition, the Exchange, or FINRA on behalf of the Exchange, may obtain information regarding trading in the Shares and the underlying shares in exchange-traded investment companies, futures, options, and warrants from markets or other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

The Index Provider is not a broker-dealer, but is affiliated with a broker-dealer and has implemented and will maintain a “fire wall” with respect to such broker-dealer regarding access to information concerning the composition and/or changes to the Index.

The Index Provider has also implemented procedures designed to prevent the use and dissemination of material, non-public information regarding the Index.

As of November 30, 2016, 86.49% of the weight of the Index components was comprised of individual maturities that were part of an entire municipal bond offering with a minimum original principal amount outstanding \$100 million or more for all maturities of the offering. In addition, the total dollar amount outstanding of issues in the Index was approximately \$1.5 trillion and the average dollar amount outstanding of issues in the Index was approximately \$30.4 million. Further, the most heavily weighted component represented 1.57% of the weight of the Index and the five most heavily weighted components represented 3.93% of the weight of the Index.²⁷ Therefore, the Exchange believes that, notwithstanding that the Index does not satisfy the criterion in Rule 14.11(c)(4)(B)(i)(b), the Index is sufficiently broad-based to deter potential manipulation, given that it is comprised of approximately 50,615 issues.

The value, components, and percentage weightings of the Index will be calculated and disseminated at least once daily and will be available from major market data vendors. In addition, the portfolio of securities held by the Fund will be disclosed on the Fund's website at www.vaneck.com/etfs. The intraday indicative value for Shares of the Fund will be disseminated by one or more major market data vendors, updated at least every 15 seconds during Regular Trading Hours. The Adviser represents that bonds that share similar characteristics, as described above, tend to trade

²⁷ Rule 14.11(c)(4)(B)(i)(d) provides that no component fixed-income security (excluding Treasury Securities, as defined therein) shall represent more than 30% of the weight of the index or portfolio, and the five most heavily weighted component fixed-income securities in the index or portfolio shall not in the aggregate account for more than 65% of the weight of the index or portfolio.

similarly to one another; therefore, within these categories, the issues may be considered fungible from a portfolio management perspective. Within a single municipal bond issuer, Adviser represents that separate issues by the same issuer are also likely to trade similarly to one another.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that a large amount of information will be publicly available regarding the Fund and the Shares, thereby promoting market transparency. The Fund's portfolio holdings will be disclosed on the Fund's website daily after the close of trading on the Exchange and prior to the opening of trading on the Exchange the following day. Moreover, the IIV will be widely disseminated by one or more major market data vendors at least every 15 seconds during Regular Trading Hours. The current value of the Index will be disseminated by one or more major market data vendors at least once per day. Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services, and quotation and last sale information will be available via the CTA high-speed line. The website for the Fund will include the prospectus for the Fund and additional data relating to NAV and other applicable quantitative information. Moreover, prior to the commencement of trading, the Exchange will inform its Members in an information circular of the special characteristics and risks associated with trading the Shares. If the Exchange becomes aware that the NAV is not being 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. 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. 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. These may include: (1) the extent to which trading is not occurring in the securities and/or the financial instruments composing the daily disclosed portfolio of the Fund; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. Trading in the Shares also will be subject to Rule 14.11(c)(1)(B)(iv), which sets forth circumstances under which Shares of the Fund may be halted. If the IIV of the Fund or value of the Index are not being disseminated as required, the Exchange may halt trading during the day in which the interruption to the dissemination of the IIV or Index value occurs.

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 an additional type of exchange-traded funds that holds municipal bonds and 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 relating to trading in the Shares and may obtain information in the Shares and the underlying shares in exchange-traded investment companies, futures, options, and warrants via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement. In addition, investors will have ready access to information regarding the IIV and quotation and last sale information for the Shares.

For the above reasons, the Exchange believes that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act.

(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 an additional exchange-traded product 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

The Exchange has neither solicited nor received written comments on 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 within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will: (a) by order approve or disapprove such 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 proposal 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 No. SR-BatsBZX-2017-07 Amendment No. 1 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 No. SR-BatsBZX-2017-07 Amendment No. 1. 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 am and 3:00 pm. Copies of such filing will also be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File No. SR-BatsBZX-2017-07 Amendment No. 1 and should be submitted on or before [_____]21 days from publication in the Federal

Register].

For the Commission, by the Division of Trading and Markets, pursuant to
delegated authority.²⁸

Robert W. Errett
Deputy Secretary

²⁸ 17 CFR 200.30-3(a)(12).