



October 6, 2017

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

Re: File No. SR-BatsBZX-2017-46, Amendment No. 2

Dear Mr. Fields:

On October 6, 2017, Bats BZX Exchange, Inc. (the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) Amendment No. 2 to SR-BatsBZX-2017-46 in order to clarify certain points and add additional details. Amendment No. 2 to SR-BatsBZX-2017-46 amends and replaces in its entirety Amendment No. 1 to the proposal, which was submitted on August 31, 2017 and amended and replaced in its entirety the proposal as originally submitted on July 10, 2017. The Exchange submitted proposal SR-BatsBZX-2017-46 in order to list and trade shares of the Aptus Fortified Value ETF, a series of ETF Series Solutions, on the Exchange. In order to provide notice for public review of this Amendment No. 2, 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 horizontal line. The signature is fluid and cursive, with a large loop at the end.

Kyle Murray
Assistant General Counsel

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 26 SECURITIES AND EXCHANGE COMMISSION File No.* SR - 2017 - * 46
 WASHINGTON, D.C. 20549 Form 19b-4 Amendment No. (req. for Amendments *) 2

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

Initial * <input type="checkbox"/>	Amendment * <input checked="" type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <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) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document Exhibit 3 Sent As Paper Document

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 * Kyle Last Name * Murray
 Title * Assistant General Counsel
 E-mail * [REDACTED]
 Telephone * [REDACTED] Fax [REDACTED]

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 10/06/2017 SVP, Associate General Counsel
 By Anders Franzon [REDACTED]
 (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 *

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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 *

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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 *

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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

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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

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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

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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. (the “Exchange” or “BZX”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to list and trade shares of the Aptus Fortified Value ETF (the “Fund”), a series of ETF Series Solutions (the “Trust”), under Rule 14.11(c) (“Index Fund Shares”). The shares of the Fund are referred to herein as the “Shares.”

(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:

Joanne Moffic-Silver
Executive Vice President, General
Counsel, and Corporate Secretary
[REDACTED]

Kyle Murray
Assistant General Counsel
[REDACTED]

3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

for, the Proposed Rule Change.

(a) Purpose

This Amendment No. 2 to SR-BatsBZX-2017-46 amends and replaces in its entirety Amendment No. 1 to the proposal, which was submitted on August 31, 2017 and amended and replaced in its entirety the proposal as originally submitted on July 10, 2017. The Exchange submits this Amendment No. 2 in order to clarify certain points and add additional details about the Fund.

The Exchange proposes to list and trade the Shares under Rule 14.11(c)(3), which governs the listing and trading of Index Fund Shares on the Exchange.³ The Fund will be an index-based exchange traded fund (“ETF”). The Exchange is submitting this proposed rule change because the Aptus Fortified Value Index (the “Index”), as defined below, does not meet all of the “generic” listing requirements of Rule 14.11(c)(3)(A)(i), applicable to the listing of Index Fund Shares based upon an index of “U.S. Component Stocks.”⁴ Specifically, Rule 14.11(c)(3)(A)(i) sets forth the requirements to be met by components of an index or portfolio of U.S. Component Stocks. Because the Index may include put options on a security that tracks the broader U.S. equity market, as further described below, which are not included in the definition of “U.S. Component Stocks” as defined in Rule 14.11(c)(1)(D), the Index does not satisfy the requirements of Rule

³ The Commission originally 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 As defined in Rule 14.11(c)(1)(D), the term “U.S. Component Stock” shall mean an equity security that is registered under Sections 12(b) or 12(g) of the Act, or an American Depositary receipt, the underlying equity security of which is registered under Sections 12(b) or 12(g) of the Act.

14.11(c)(3)(A)(i). The Index will otherwise conform to the initial and continued listing criteria under Rule 14.11(c). Rule 14.11(i), which covers the listing and trading of actively managed ETFs (“Managed Fund Shares”), does however provide generic listing standards related to funds holding listed derivatives in Rule 14.11(i)(4)(C)(iv), which includes the kinds of options that may be held by the Index. The Exchange believes that, while the Index wouldn’t necessarily meet the requirements of Rule 14.11(i)(4)(C)(iv), the listing and trading of the Shares would not give rise to the policy concerns on which the substance of Rule 14.11(i)(4)(C)(iv) is based, as further described below.

The Shares will be offered by the Trust, which was established as a Delaware statutory trust on February 9, 2012.⁵ 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.⁶ Aptus Capital Advisors, LLC (the “Adviser” or “Index Provider”) serves as investment adviser and index provider to the Fund. The Index Provider is not a broker-dealer and is not affiliated with a broker-dealer. The Index Provider will implement and will maintain a “fire wall” around the personnel who have access to information concerning changes and adjustments to the index. The Index is calculated by an unaffiliated third party who is not a broker-dealer or fund advisor. In addition, any advisory committee, supervisory board, or similar entity that advises the Index Provider or that makes decisions on the Index or

⁵ The Commission has issued an order, upon which the Trust may rely, granting certain exemptive relief under the 1940 Act. See Investment Company Act Release No. 32110 (May 10, 2016) (File No. 812-14604).

⁶ See Registration Statement on Form N-1A for the Trust, dated June 8, 2017 (File Nos. 333- 179562 and 811-22668). The descriptions of the Fund and the Shares contained herein are based, in part, on information in the Registration Statement.

portfolio composition, methodology and related matters, will implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the Index.

The Fund intends to qualify each year as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended.

Aptus Fortified Value ETF

According to the Registration Statement, the Fund will seek to track the performance, before fees and expenses, of the Index. The Index is a rules-based, equal-weighted index that is designed to gain exposure to 50 of the most undervalued U.S.-listed common stocks and real estate investment trusts (“REITs”), while hedging against significant U.S. equity market declines when the market is overvalued. The stocks and REITs included in the Index are determined based on a proprietary methodology that evaluates multiple fundamental factors, such as free-cash-flow yield and price-to-earnings ratio.

The Index is composed of two components: an equity component of 50 common stocks and REITs and, when the Index determines that the U.S. equity market is overvalued, a “tail hedge” of long put options on a security that tracks the broader U.S. equity market.⁷ When the tail hedge is not in effect, the Index will be composed 100% of the equity component. At the time the tail hedge is implemented, the Index will be composed 99.5% of the equity component and 0.50% of the tail hedge (calculated based on net assets), as described below.

⁷ The Exchange notes that the equity component of the Index meets the requirements of Rule 14.11(c)(3)(A)(i).

When the tail hedge is implemented, the Index will reallocate 0.50% of its weight to include put options on a large, highly liquid ETF⁸ listed on a national securities exchange that tracks the performance of the large-cap U.S. equity market (the “Underlying ETF”). The large-cap U.S. equity market tracking ETF with the highest average daily options volume (as determined annually by the Index rules) will be the Underlying ETF. A put option gives the purchaser the right to sell shares of the underlying asset at a specified price (“strike price”) prior to a specified date (“expiration date”). The purchaser pays a cost (premium) to purchase the put option. In the event the underlying asset declines in value, the value of the put option will generally increase, and in the event the underlying asset appreciates in value, the put option may end up worthless and the premium may be lost.

Any tail hedge implementation will occur on the last business day of the applicable month. At the time the tail hedge is implemented, the put options on the Underlying ETF will have an expiration date of approximately three months from the date the tail hedge is implemented, and the strike price will be approximately 30% less than the most recent closing price of the Underlying ETF.

On the last business day of each month, any options held by the Index are removed. If the tail hedge will not be in effect for the following month, the weight of such options, if any, will be reallocated pro rata to the securities in the Index’s equity component. If the tail hedge will continue in effect for the following month, the Index is

⁸ For purposes of this proposal, the term ETF includes Portfolio Depositary Receipts and Index Fund Shares as defined in Rule 14.11(b) and 14.11(c), respectively, and their equivalents on other national securities exchanges.

rebalanced (i.e., no equity securities are added or deleted) such that the tail hedge (with new options purchased) has a weight of 0.50% and the equity component securities are adjusted up or down pro rata to have a weight of 99.5%.⁹ The potential downside to the Index associated with the options is equal only to the market value of such options, the aggregate market value of which is capped at 0.50% of the theoretical dollar value of the Index at the time that the options are added to the Index, as described above.

Furthermore, all of the securities included in the Index are listed on U.S. national exchanges, subject to extensive regulatory oversight, and all of such U.S. national exchanges are members of the Intermarket Surveillance Group.

The Adviser represents that, except for the 0.50% options position that may be included in the Index, the Index will satisfy, on an initial and continued listing basis, all

⁹ This calculation is based on the cost to purchase the put contracts. As described above, options contracts are not contemplated for inclusion in an index underlying a series of Index Fund Shares under Rule 14.11(c), however, Rule 14.11(i) related to the listing of Managed Fund Shares does provide criteria for listed derivatives held by a series of Managed Fund Shares. Because the index and portfolios associated with Index Fund Shares and Managed Fund Shares are substantively very similar, the Exchange believes that portions of Rule 14.11(i) are particularly informative when evaluating the holdings of a series of Managed Fund Shares. While the Index would not necessarily meet the requirements of Rule 14.11(i)(4)(C)(iv)(b) applicable to options holdings for Managed Fund Shares, which prevents the aggregate gross notional value of listed derivatives based on any single underlying reference asset from exceeding 30% of the weight of the portfolio (including gross notional exposures) and the aggregate gross notional value of listed derivatives based on any five or fewer underlying reference assets from exceeding 65% of the weight of the portfolio (including gross notional exposures), the actual potential downside associated with purchased put contracts is limited to the cost of the contract. The Exchange believes that this, combined with the relatively small percentage of the Index's exposure to options on the Underlying ETF and the liquidity in the options market for the Underlying ETF mitigates the concerns that Rule 14.11(i)(4)(C)(iv)(b) is intended to address and would prevent the Shares from being susceptible to manipulation.

of the generic listing standards under Rule 14.11(c)(3)(A)(i) and all other applicable requirements for Index Fund Shares based on a U.S. equity index or portfolio under Rule 14.11(c), including, but not limited to, requirements relating to the dissemination of key information such as the Net Asset Value, 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. Moreover, all of the equity securities and options contracts included in the Index will be listed on a U.S. securities exchange. The Exchange notes that, in addition to the instruments named above as possible constituents of the Index, the Fund may also hold (i) cash and cash equivalents;¹⁰ (ii) U.S. Government securities, including bills, notes and bonds differing as to maturity and rates of interest, which are either issued or guaranteed by the U.S. Treasury or by U.S. Government agencies or instrumentalities; and (iii) other ETFs.¹¹

¹⁰ For purposes of this filing and consistent with Rule 14.11(i)(4)(C)(iii), cash equivalents include short-term instruments (instruments with maturities of less than 3 months) of the following types: (i) U.S. Government securities, including bills, notes and bonds differing as to maturity and rates of interest, which are either issued or guaranteed by the U.S. Treasury or by U.S. Government agencies or instrumentalities; (ii) certificates of deposit issued against funds deposited in a bank or savings and loan association; (iii) bankers' acceptances, which are short-term credit instruments used to finance commercial transactions; (iv) repurchase agreements and reverse repurchase agreements; (v) bank time deposits, which are monies kept on deposit with banks or savings and loan associations for a stated period of time at a fixed rate of interest; (vi) commercial paper, which are short-term unsecured promissory notes; and (vii) money market funds.

¹¹ For purposes of this filing, ETFs include Portfolio Depository Receipts (as described in Rule 14.11(b)); Index Fund Shares (as described in Rule 14.11(c)); and Managed Fund Shares (as described in Rule 14.11(i)). The ETFs in which the Fund may invest all will be listed and traded in the U.S. on national securities exchanges. While the Fund may invest in inverse ETFs, the Fund will not invest in leveraged (e.g., 2X, -2X, 3X or -3X) ETFs.

All statements and representations made in this filing regarding the index composition, the description of the portfolio or reference assets, limitations on portfolio holdings or reference assets, dissemination and availability of index, reference assets, and intraday indicative values, and the applicability of Exchange listing rules specified in this filing shall constitute continued listing requirements for the Fund. The issuer has represented to the Exchange that it will advise the Exchange of any failure by the Fund or the Shares to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will surveil for compliance with the continued listing requirements. If the Fund or the Shares are not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under Exchange Rule 14.12.

b. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act¹² in general and Section 6(b)(5) of the Act¹³ 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, to promote just and equitable principles

¹² 15 U.S.C. 78f.

¹³ 15 U.S.C. 78f(b)(5).

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 in that the Shares will meet each of the initial and continued listing criteria in BZX Rule 14.11(c) with the exception of the possible 0.50% of the Index that is composed of put options. As noted above, the Exchange believes that portions of Rule 14.11(i) are particularly informative when evaluating the holdings of a series of Managed Fund Shares. While the Index would not necessarily meet the requirements of Rule 14.11(i)(4)(C)(iv)(b) applicable to options holdings for Managed Fund Shares, which prevents the aggregate gross notional value of listed derivatives based on any single underlying reference asset from exceeding 30% of the weight of the portfolio (including gross notional exposures) and the aggregate gross notional value of listed derivatives based on any five or fewer underlying reference assets from exceeding 65% of the weight of the portfolio (including gross notional exposures), the potential downside to the Index associated with the options is equal only to the market value of such options, the aggregate market value of which is capped at 0.50% of the theoretical dollar value of the Index at the time that the options are added to the Index. Furthermore, all of the securities held by the Fund are listed on U.S. national exchanges, subject to extensive regulatory oversight, and all of such U.S. national exchanges are members of the Intermarket Surveillance Group. The Exchange believes that this, combined with the relatively small percentage of the Index's exposure to options on the Underlying ETF and the liquidity in the options market for the Underlying ETF mitigates the concerns that Rule 14.11(i)(4)(C)(iv)(b) is intended to address and would prevent the Shares from being

susceptible to manipulation. 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. The Exchange may obtain information regarding trading in the Shares and the underlying equities and options contracts held by the Fund and included in the Index via the Intermarket Surveillance Group (“ISG”) from other exchanges who are members or affiliates of the ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement.¹⁴ The Exchange further notes that the Fund will meet and be subject to all other requirements of Rule 14.11(c) and other applicable requirements for Index Fund Shares based on a U.S. equity index or portfolio under Rule 14.11(c), including, but not limited to, requirements relating to the dissemination of key information such as the Net Asset Value, 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.

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

¹⁴ For a list of the current members and affiliate members of ISG, [see www.isgportal.com](http://www.isgportal.com). 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.

of the Act. The Exchange notes that the proposed rule change, rather will facilitate the listing and trading of an additional exchange-traded product that will enhance competition among both market participants and listing venues, 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)

Not applicable.

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.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____; File No. SR-BatsBZX-2017-46 Amendment No. 2)

Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Filing of a Proposed Rule Change to List and Trade Shares of the Aptus Fortified Value ETF, a Series of ETF Series Solutions, under Rule 14.11(c), Index Fund Shares

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 shares of the Aptus Fortified Value ETF (the “Fund”), a series of ETF Series Solutions (the “Trust”), under Rule 14.11(c) (“Index Fund Shares”). The shares of the Fund are referred to herein as the “Shares.”

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. 2 to SR-BatsBZX-2017-46 amends and replaces in its entirety Amendment No. 1 to the proposal, which was submitted on August 31, 2017 and amended and replaced in its entirety the proposal as originally submitted on July 10, 2017. The Exchange submits this Amendment No. 2 in order to clarify certain points and add additional details about the Fund.

The Exchange proposes to list and trade the Shares under Rule 14.11(c)(3), which governs the listing and trading of Index Fund Shares on the Exchange.³ The Fund will be an index-based exchange traded fund ("ETF"). The Exchange is submitting this proposed rule change because the Aptus Fortified Value Index (the "Index"), as defined below, does not meet all of the "generic" listing requirements of Rule 14.11(c)(3)(A)(i), applicable to the listing of Index Fund Shares based upon an index of "U.S. Component Stocks."⁴ Specifically, Rule 14.11(c)(3)(A)(i) sets forth the requirements to be met by

³ The Commission originally 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 As defined in Rule 14.11(c)(1)(D), the term "U.S. Component Stock" shall mean an equity security that is registered under Sections 12(b) or 12(g) of the Act, or an American Depositary receipt, the underlying equity security of which is registered under Sections 12(b) or 12(g) of the Act.

components of an index or portfolio of U.S. Component Stocks. Because the Index may include put options on a security that tracks the broader U.S. equity market, as further described below, which are not included in the definition of “U.S. Component Stocks” as defined in Rule 14.11(c)(1)(D), the Index does not satisfy the requirements of Rule 14.11(c)(3)(A)(i). The Index will otherwise conform to the initial and continued listing criteria under Rule 14.11(c). Rule 14.11(i), which covers the listing and trading of actively managed ETFs (“Managed Fund Shares”), does however provide generic listing standards related to funds holding listed derivatives in Rule 14.11(i)(4)(C)(iv), which includes the kinds of options that may be held by the Index. The Exchange believes that, while the Index wouldn’t necessarily meet the requirements of Rule 14.11(i)(4)(C)(iv), the listing and trading of the Shares would not give rise to the policy concerns on which the substance of Rule 14.11(i)(4)(C)(iv) is based, as further described below.

The Shares will be offered by the Trust, which was established as a Delaware statutory trust on February 9, 2012.⁵ 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.⁶ Aptus Capital Advisors, LLC (the “Adviser” or “Index Provider”) serves as investment adviser and index provider to the Fund. The Index Provider is not a broker-dealer and is not affiliated with a broker-dealer. The Index Provider will implement and will maintain a “fire wall”

⁵ The Commission has issued an order, upon which the Trust may rely, granting certain exemptive relief under the 1940 Act. See Investment Company Act Release No. 32110 (May 10, 2016) (File No. 812-14604).

⁶ See Registration Statement on Form N-1A for the Trust, dated June 8, 2017 (File Nos. 333- 179562 and 811-22668). The descriptions of the Fund and the Shares contained herein are based, in part, on information in the Registration Statement.

around the personnel who have access to information concerning changes and adjustments to the index. The Index is calculated by an unaffiliated third party who is not a broker-dealer or fund advisor. In addition, any advisory committee, supervisory board, or similar entity that advises the Index Provider or that makes decisions on the Index or portfolio composition, methodology and related matters, will implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material non-public information regarding the Index.

The Fund intends to qualify each year as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended.

Aptus Fortified Value ETF

According to the Registration Statement, the Fund will seek to track the performance, before fees and expenses, of the Index. The Index is a rules-based, equal-weighted index that is designed to gain exposure to 50 of the most undervalued U.S.-listed common stocks and real estate investment trusts (“REITs”), while hedging against significant U.S. equity market declines when the market is overvalued. The stocks and REITs included in the Index are determined based on a proprietary methodology that evaluates multiple fundamental factors, such as free-cash-flow yield and price-to-earnings ratio.

The Index is composed of two components: an equity component of 50 common stocks and REITs and, when the Index determines that the U.S. equity market is overvalued, a “tail hedge” of long put options on a security that tracks the broader U.S.

equity market.⁷ When the tail hedge is not in effect, the Index will be composed 100% of the equity component. At the time the tail hedge is implemented, the Index will be composed 99.5% of the equity component and 0.50% of the tail hedge (calculated based on net assets), as described below.

When the tail hedge is implemented, the Index will reallocate 0.50% of its weight to include put options on a large, highly liquid ETF⁸ listed on a national securities exchange that tracks the performance of the large-cap U.S. equity market (the “Underlying ETF”). The large-cap U.S. equity market tracking ETF with the highest average daily options volume (as determined annually by the Index rules) will be the Underlying ETF. A put option gives the purchaser the right to sell shares of the underlying asset at a specified price (“strike price”) prior to a specified date (“expiration date”). The purchaser pays a cost (premium) to purchase the put option. In the event the underlying asset declines in value, the value of the put option will generally increase, and in the event the underlying asset appreciates in value, the put option may end up worthless and the premium may be lost.

Any tail hedge implementation will occur on the last business day of the applicable month. At the time the tail hedge is implemented, the put options on the Underlying ETF will have an expiration date of approximately three months from the

⁷ The Exchange notes that the equity component of the Index meets the requirements of Rule 14.11(c)(3)(A)(i).

⁸ For purposes of this proposal, the term ETF includes Portfolio Depositary Receipts and Index Fund Shares as defined in Rule 14.11(b) and 14.11(c), respectively, and their equivalents on other national securities exchanges.

date the tail hedge is implemented, and the strike price will be approximately 30% less than the most recent closing price of the Underlying ETF.

On the last business day of each month, any options held by the Index are removed. If the tail hedge will not be in effect for the following month, the weight of such options, if any, will be reallocated pro rata to the securities in the Index's equity component. If the tail hedge will continue in effect for the following month, the Index is rebalanced (i.e., no equity securities are added or deleted) such that the tail hedge (with new options purchased) has a weight of 0.50% and the equity component securities are adjusted up or down pro rata to have a weight of 99.5%.⁹ The potential downside to the Index associated with the options is equal only to the market value of such options, the aggregate market value of which is capped at 0.50% of the theoretical dollar value of the Index at the time that the options are added to the Index, as described above.

⁹ This calculation is based on the cost to purchase the put contracts. As described above, options contracts are not contemplated for inclusion in an index underlying a series of Index Fund Shares under Rule 14.11(c), however, Rule 14.11(i) related to the listing of Managed Fund Shares does provide criteria for listed derivatives held by a series of Managed Fund Shares. Because the index and portfolios associated with Index Fund Shares and Managed Fund Shares are substantively very similar, the Exchange believes that portions of Rule 14.11(i) are particularly informative when evaluating the holdings of a series of Managed Fund Shares. While the Index would not necessarily meet the requirements of Rule 14.11(i)(4)(C)(iv)(b) applicable to options holdings for Managed Fund Shares, which prevents the aggregate gross notional value of listed derivatives based on any single underlying reference asset from exceeding 30% of the weight of the portfolio (including gross notional exposures) and the aggregate gross notional value of listed derivatives based on any five or fewer underlying reference assets from exceeding 65% of the weight of the portfolio (including gross notional exposures), the actual potential downside associated with purchased put contracts is limited to the cost of the contract. The Exchange believes that this, combined with the relatively small percentage of the Index's exposure to options on the Underlying ETF and the liquidity in the options market for the Underlying ETF mitigates the concerns that Rule 14.11(i)(4)(C)(iv)(b) is intended to address and would prevent the Shares from being susceptible to manipulation.

Furthermore, all of the securities included in the Index are listed on U.S. national exchanges, subject to extensive regulatory oversight, and all of such U.S. national exchanges are members of the Intermarket Surveillance Group.

The Adviser represents that, except for the 0.50% options position that may be included in the Index, the Index will satisfy, on an initial and continued listing basis, all of the generic listing standards under Rule 14.11(c)(3)(A)(i) and all other applicable requirements for Index Fund Shares based on a U.S. equity index or portfolio under Rule 14.11(c), including, but not limited to, requirements relating to the dissemination of key information such as the Net Asset Value, 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. Moreover, all of the equity securities and options contracts included in the Index will be listed on a U.S. securities exchange. The Exchange notes that, in addition to the instruments named above as possible constituents of the Index, the Fund may also hold (i) cash and cash equivalents;¹⁰ (ii) U.S. Government securities, including bills, notes and bonds differing as to maturity and rates

¹⁰ For purposes of this filing and consistent with Rule 14.11(i)(4)(C)(iii), cash equivalents include short-term instruments (instruments with maturities of less than 3 months) of the following types: (i) U.S. Government securities, including bills, notes and bonds differing as to maturity and rates of interest, which are either issued or guaranteed by the U.S. Treasury or by U.S. Government agencies or instrumentalities; (ii) certificates of deposit issued against funds deposited in a bank or savings and loan association; (iii) bankers' acceptances, which are short-term credit instruments used to finance commercial transactions; (iv) repurchase agreements and reverse repurchase agreements; (v) bank time deposits, which are monies kept on deposit with banks or savings and loan associations for a stated period of time at a fixed rate of interest; (vi) commercial paper, which are short-term unsecured promissory notes; and (vii) money market funds.

of interest, which are either issued or guaranteed by the U.S. Treasury or by U.S. Government agencies or instrumentalities; and (iii) other ETFs.¹¹

All statements and representations made in this filing regarding the index composition, the description of the portfolio or reference assets, limitations on portfolio holdings or reference assets, dissemination and availability of index, reference assets, and intraday indicative values, and the applicability of Exchange listing rules specified in this filing shall constitute continued listing requirements for the Fund. The issuer has represented to the Exchange that it will advise the Exchange of any failure by the Fund or the Shares to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will surveil for compliance with the continued listing requirements. If the Fund or the Shares are not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under Exchange Rule 14.12.

2. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act¹² in general and Section 6(b)(5) of the Act¹³ 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

¹¹ For purposes of this filing, ETFs include Portfolio Depository Receipts (as described in Rule 14.11(b)); Index Fund Shares (as described in Rule 14.11(c)); and Managed Fund Shares (as described in Rule 14.11(i)). The ETFs in which the Fund may invest all will be listed and traded in the U.S. on national securities exchanges. While the Fund may invest in inverse ETFs, the Fund will not invest in leveraged (e.g., 2X, -2X, 3X or -3X) ETFs.

¹² 15 U.S.C. 78f.

¹³ 15 U.S.C. 78f(b)(5).

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, 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 in that the Shares will meet each of the initial and continued listing criteria in BZX Rule 14.11(c) with the exception of the possible 0.50% of the Index that is composed of put options. As noted above, the Exchange believes that portions of Rule 14.11(i) are particularly informative when evaluating the holdings of a series of Managed Fund Shares. While the Index would not necessarily meet the requirements of Rule 14.11(i)(4)(C)(iv)(b) applicable to options holdings for Managed Fund Shares, which prevents the aggregate gross notional value of listed derivatives based on any single underlying reference asset from exceeding 30% of the weight of the portfolio (including gross notional exposures) and the aggregate gross notional value of listed derivatives based on any five or fewer underlying reference assets from exceeding 65% of the weight of the portfolio (including gross notional exposures), the potential downside to the Index associated with the options is equal only to the market value of such options, the aggregate market value of which is capped at 0.50% of the theoretical dollar value of the Index at the time that the options are added to the Index. Furthermore, all of the securities held by the Fund are listed on U.S. national exchanges, subject to extensive regulatory

oversight, and all of such U.S. national exchanges are members of the Intermarket Surveillance Group. The Exchange believes that this, combined with the relatively small percentage of the Index's exposure to options on the Underlying ETF and the liquidity in the options market for the Underlying ETF mitigates the concerns that Rule 14.11(i)(4)(C)(iv)(b) is intended to address and would prevent the Shares from being susceptible to manipulation. 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. The Exchange may obtain information regarding trading in the Shares and the underlying equities and options contracts held by the Fund and included in the Index via the Intermarket Surveillance Group ("ISG") from other exchanges who are members or affiliates of the ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement.¹⁴ The Exchange further notes that the Fund will meet and be subject to all other requirements of Rule 14.11(c) and other applicable requirements for Index Fund Shares based on a U.S. equity index or portfolio under Rule 14.11(c), including, but not limited to, requirements relating to the dissemination of key information such as the Net Asset Value, 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.

¹⁴ For a list of the current members and affiliate members of ISG, [see www.isgportal.com](http://www.isgportal.com). 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.

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, rather will facilitate the listing and trading of an additional exchange-traded product that will enhance competition among both market participants and listing venues, 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-2017-46 Amendment No. 2 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-2017-46 Amendment No. 2. 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-2017-46 Amendment No. 2 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.¹⁵

Robert W. Errett
Deputy Secretary

¹⁵ 17 CFR 200.30-3(a)(12).