



October 18, 2017

Submitted via electronic filing: <https://www.sec.gov/rules/sro.shtml>

Mr. Brent J. Fields
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Proposal to facilitate the listing and trading of certain series of Investment Company Units listed pursuant to NYSE Arca Rule 5.2-E(j)(3) (Amendment No. 1 to SR-NYSEArca-2017-56) File No. SR-NYSEArca-2017-56

Dear Mr. Fields:

This letter responds to the request of the Securities and Exchange Commission (the “Commission”) for comments on the proposed rule change filed by NYSE Arca, Inc. (“NYSE Arca”) to list and trade twelve series of Investment Company Units (the “Funds”) listed pursuant to NYSE Arca Rule 5.2-E(j)(3) (the “Proposal”).¹ In response to the Commission’s approval of continued listing standards applicable to exchange-traded funds (“ETFs”), NYSE Arca submitted the Proposal in order to establish alternate listing standards for the continued listing and trading of the Funds.

Van Eck Associates Corporation (“VanEck” or the “Adviser”) serves as investment adviser to five of the Funds included in the Proposal: VanEck Vectors AMT-Free Intermediate Municipal Index ETF, VanEck Vectors AMT-Free Long Municipal Index ETF, VanEck Vectors AMT-Free Short Municipal Index ETF, VanEck Vectors High-Yield Municipal Index ETF and VanEck Vectors Pre-Refunded Municipal Index ETF (collectively, the “VanEck Muni ETFs”). In the aggregate, the VanEck Muni ETFs have over \$4 billion in assets under management, and have each been listed on NYSE Arca for more than eight years. Each of the VanEck Muni ETFs seeks to track the investment results of an index composed of a segment of the municipal bond market,² and each index underlying the VanEck Muni ETFs satisfies all but one element of NYSE Arca’s generic listing standards.³

¹ See Securities Exchange Act Release No. 81400, 82 FR 39643 (August 21, 2017).

² VanEck Vectors AMT-Free Intermediate Municipal Index ETF (inception date: 12/04/2007) seeks to track the investment results of an index composed of publicly traded investment-grade bonds that cover the U.S. dollar-denominated intermediate-term tax-exempt bond market; VanEck Vectors AMT-Free Long Municipal Index ETF (inception date: 01/02/2008) seeks to track the investment results of an index composed of publicly traded investment-grade bonds that cover the U.S. dollar-denominated long-term tax-exempt bond market; VanEck Vectors AMT-Free Short Municipal Index ETF (inception date: 02/22/2008) seeks to track the investment results of an index composed of publicly traded investment-grade bonds that cover the U.S. dollar-denominated short-term tax-exempt bond market; VanEck Vectors High-Yield Municipal Index ETF (inception date: 02/04/2009) seeks to track the investment results of an index composed of publicly traded municipal bonds that cover the U.S. dollar-denominated high yield long-term tax-exempt bond market with a 75% weight in non-investment grade municipal bonds and a targeted 25% weight in Baa/BBB rated investment grade municipal bonds; and VanEck Vectors Pre-Refunded Municipal Index ETF (inception date: 02/02/2009) seeks to track the investment results of an index composed of publicly traded investment-grade municipal bonds that cover the U.S. dollar-denominated tax-exempt bond market.

³ See NYSE Arca Rule 5.2-E(j)(3), Commentary .02. The index underlying each of the VanEck Muni ETFs meets all the applicable generic listing standards except the requirement in paragraph a(2) of Commentary .02 that component fixed income securities representing at least 75% of the weight of an index shall have a minimum original principal amount outstanding of \$100 million.

If the Commission does not approve the Proposal before the implementation date of NYSE Arca's continued listing standards on January 1, 2018, the VanEck Muni ETFs, which have been operating effectively in the marketplace since their inception, will be subject to delisting procedures if no resolution can be reached with NYSE Arca to gain compliance with the new standards.

VanEck believes that the Commission should approve the Proposal because it is consistent with the Securities Exchange Act of 1934, as amended (the "Exchange Act") and because it is consistent with prior proposals that the Commission has recently approved. As noted in NYSE Arca's comment letter on the Proposal,⁴ the Commission approved a similar proposal for the continued listing of the PowerShares Taxable Municipal Bond Portfolio (formerly, PowerShares Build America Bond Portfolio) (the "PowerShares Muni ETF") in January 2017.⁵ Similar to the PowerShares Muni ETF, the VanEck Muni ETFs satisfy all of the applicable generic listing standards except for the requirement that component fixed income securities representing at least 75% of the weight of an index shall have a minimum original principal amount outstanding of \$100 million. In its order granting approval of the proposed rule change for the PowerShares Muni ETF, the Commission concluded that the underlying index was "sufficiently broad-based to deter potential manipulation."

The indexes underlying the VanEck Muni ETFs are also diversified and broad-based. For example, as of September 30, 2017, the index underlying the VanEck Vectors AMT-Free Intermediate Municipal Index ETF included 17,229 component fixed income municipal bond securities from issuers in 52 different states or U.S. territories, the most heavily weighted component in the index represented approximately 0.13% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented approximately 0.46% of the total weight of the index. As of September 30, 2017, the index underlying the PowerShares Muni ETF, in comparison, contained 9,452 component securities, the most heavily weighted component in the index represented approximately 2.35% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented 6.47% of the total weight of the index. The indexes underlying the four other VanEck Muni ETFs are also extremely broad-based and diversified.⁶

In addition, in July 2015, the Commission granted approval for the initial listing of the Vanguard Tax-Exempt Bond ETF (formerly, the Vanguard Tax-Exempt Bond Index Fund) (the "Vanguard Muni ETF"), which—like the VanEck Muni ETFs and the PowerShares Muni ETF—met all the applicable generic listing standards except for the minimum original principal amount outstanding requirement.⁷ In

⁴ See NYSE Arca, Comment Letter, Proposal to facilitate the listing and trading of certain series of Investment Company Units based on an index of municipal bond securities listed pursuant to NYSE Arca Rule 5.2E(j)(3) (October 6, 2017), available at <https://www.sec.gov/comments/sr-nysearca-2017-56/nysearca201756-2627821-161189.pdf>.

⁵ See Securities Exchange Act Release No. 79767, 82 FR 4950 (January 17, 2017) (order approving PowerShares Muni ETF).

⁶ The index underlying the VanEck Vectors AMT-Free Long Municipal Index ETF included 7,869 component fixed income municipal bond securities from issuers in 52 different states or U.S. territories, the most heavily weighted component in the index 0.27% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented approximately 1.21% of the total weight of the index; the index underlying the VanEck Vectors AMT-Free Short Municipal Index ETF included 7,122 component fixed income municipal bond securities from issuers in 48 different states or U.S. territories, the most heavily weighted component in the index represented approximately 0.95% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented approximately 2.36% of the total weight of the index; the index underlying the VanEck Vectors High-Yield Municipal Index ETF included 5,133 component fixed income municipal bond securities from issuers in 54 different states or U.S. territories, the most heavily weighted component in the index represented approximately 1.24% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented approximately 5.31% of the total weight of the index; the index underlying the VanEck Vectors Pre-Refunded Municipal Index ETF included 3,112 component fixed income municipal bond securities from issuers in 48 different states or U.S. territories, the most heavily weighted component in the index represented approximately 0.62% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented approximately 2.34% of the total weight of the index (all figures as of September 30, 2017).

⁷ See Securities Exchange Act Release No. 75376, 80 FR 40113 (July 7, 2015) (order approving Vanguard Muni ETF).

its order granting approval of the proposed rule change for the Vanguard Muni ETF, the Commission concluded that the underlying index was “sufficiently broad-based to deter potential manipulation.” Also, we note that the VanEck Muni ETFs have been offering investors low cost, diversified exposure to municipal bonds for several years without evidence of price manipulation.

For the reasons stated above, VanEck strongly believes that the continued listing and trading of the VanEck Muni ETFs is consistent with the requirements of Section 6 of the Exchange Act and respectfully urges the Commission to promptly approve the Proposal to avoid any delisting proceedings for the VanEck Muni ETFs, which would be extremely harmful to investors.

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We thank the Commission for providing VanEck the opportunity to express our support for the Proposal. Please contact the undersigned if you have any questions or comments regarding VanEck’s views.

Sincerely,



Jonathan R. Simon
Senior Vice President and General Counsel

cc:

The Honorable Jay Clayton
Chairman
Securities and Exchange Commission

The Honorable Michael S. Piwowar
Commissioner
Securities and Exchange Commission

The Honorable Kara M. Stein
Commissioner
Securities and Exchange Commission

Heather Seidel
Acting Director
Division of Trading and Markets
Securities and Exchange Commission

Dalia Blass
Director
Division of Investment Management
Securities and Exchange Commission

Gary Goldsholle
Deputy Director
Division of Trading and Markets
Securities and Exchange Commission

David Shillman
Associate Director
Division of Investment Management
Securities and Exchange Commission