

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-82295; File No. SR-NYSEArca-2017-56)

December 12, 2017

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Amendment No. 3 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 3, to List and Trade Shares of Twelve Series of Investment Company Units Pursuant to NYSE Arca Rule 5.2-E(j)(3)

I. Introduction

On June 19, 2017, NYSE Arca, Inc. (“Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change to list and trade, pursuant to NYSE Arca Rule 5.2-E(j)(3), shares of 12 index-based funds (“Shares”). The proposed rule change was published for comment in the Federal Register on July 7, 2017.³ On August 7, 2017, the Exchange filed Amendment No. 1 to the proposed rule change, which amended and superseded the proposed rule change as originally filed.⁴ On August 15, 2017, pursuant to Section 19(b)(2) of the Act,⁵ the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.⁶ On

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 81062 (June 30, 2017), 82 FR 31651.

⁴ Amendment No. 1 to the proposed rule change is available at: <https://www.sec.gov/comments/sr-nysearca-2017-56/nysearca201756-2199657-160352.pdf>.

⁵ 15 U.S.C. 78s(b)(2).

⁶ See Securities Exchange Act Release No. 81400, 82 FR 39643 (August 21, 2017). The Commission designated October 5, 2017, as the date by which the Commission shall

October 2, 2017, the Commission instituted proceedings under Section 19(b)(2)(B) of the Act⁷ to determine whether to approve or disapprove the proposed rule change, as modified by Amendment No. 1.⁸ The Commission received seven comments letters on the proposed rule change, including one from the Exchange.⁹ On November 3, 2017, the Exchange filed Amendment No. 2 to the proposed rule change, which amended and superseded the proposed rule change, as modified by Amendment No. 1.¹⁰ On November 22, 2017, the Exchange filed Amendment No. 3 to the proposed rule change, which amended and superseded the proposed

either approve, disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.

⁷ 15 U.S.C. 78s(b)(2)(B).

⁸ See Securities Exchange Act Release No. 81794, 82 FR 46870 (October 6, 2017).

⁹ See letters from: (1) Douglas M. Yones, Head of Exchange Traded Products, New York Stock Exchange, to Brent J. Fields, Secretary, Commission, dated October 6, 2017 (“Exchange Letter”); (2) Samara Cohen, Managing Director, U.S. Head of iShares Capital Markets, Joanne Medero, Managing Director, Government Relations & Public Policy, and Deepa Damre, Managing Director, Legal & Compliance, BlackRock, Inc., to Brent J. Fields, Secretary, Commission, dated October 18, 2017 (“BlackRock Letter”); (3) Anna Paglia, Head of Legal, Invesco PowerShares Capital Management LLC, to Brent J. Fields, Secretary, Commission, dated October 18, 2017 (“Invesco Letter”); (4) Dorothy Donohue, Acting General Counsel, Investment Company Institute, to Brent J. Fields, Secretary, Commission, dated October 18, 2017 (“ICI Letter”); (5) Jonathan R. Simon, Senior Vice President and General Counsel, Van Eck Associates Corporation, to Brent J. Fields, Secretary, Commission, dated October 18, 2017 (“VanEck Letter”); (6) Noel Archard, Senior Vice President and Global SPDR Head of Product, State Street Global Advisors, to Brent J. Fields, Secretary, Commission, dated October 18, 2017 (“State Street Letter”); and (7) Timothy W. Cameron, Head, and Lindsey W. Keljo, Managing Director and Associate General Counsel, Asset Management Group of the Securities Industry and Financial Markets Association, to Brent J. Fields, Secretary, Commission, dated October 20, 2017 (“SIFMA Letter”). All of the comment letters are available at: <https://www.sec.gov/comments/sr-nysearca-2017-56/nysearca201756.htm>.

¹⁰ Amendment No. 2 to the proposed rule change is available at: <https://www.sec.gov/comments/sr-nysearca-2017-56/nysearca201756-2669251-161439.pdf>.

rule change, as modified by Amendment No. 2.¹¹ The Commission is publishing this notice to solicit comment on Amendment No. 3 to the proposed rule change from interested persons and is approving the proposed rule change, as modified by Amendment No. 3, on an accelerated basis.

II. Description of the Proposed Rule Change, as Modified by Amendment No. 3

In its filing with the Commission, the Exchange included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item V 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

Pursuant to NYSE Arca Rule 5.2-E(j)(3), the Exchange proposes to facilitate the listing and trading of certain series of Investment Company Units that do not otherwise meet the standards set forth in Commentary.02 to Rule 5.2-E(j)(3). Specifically, the Exchange proposes to facilitate the listing and trading of the following series of Investment Company Units based on

¹¹ In Amendment No. 3, the Exchange: (1) described the investment objective of each fund; (2) modified and supplemented its descriptions of the indexes underlying each fund; (3) identified the permitted investments of each fund; (3) represented that all futures contracts and exchange-traded options held by the funds would be listed on an exchange that is a member of the Intermarket Surveillance Group or with which the Exchange has in place a comprehensive surveillance sharing agreement; (4) added continued listing requirements for the Shares applicable to the underlying indexes; (5) disclosed information regarding the Shares that will be published on the websites of the funds; (6) discussed the availability of price information for all permitted investments of the funds; (7) added representations regarding the Exchange's surveillance of trading in the Shares and its ability to obtain trading information regarding certain permitted investments of the funds; and (8) made technical changes. Amendment No. 3 is as provided below and is also available at: <https://www.sec.gov/comments/sr-nysearca-2017-56/nysearca201756-2714674-161523.pdf>.

a multistate index of fixed income municipal bond securities: iShares National Muni Bond ETF, iShares Short-Term National Muni Bond ETF, 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, VanEck Vectors Pre-Refunded Municipal Index ETF, PowerShares VRDO Tax-Free Weekly Portfolio, SPDR Nuveen Bloomberg Barclays Short Term Municipal Bond ETF and SPDR Nuveen Bloomberg Barclays Municipal Bond ETF (collectively, the “Multistate Municipal Bond Funds”).

In addition, the Exchange proposes to facilitate the listing and trading of the following series of Investment Company Units based on a single-state index of fixed income municipal bond securities: iShares California Muni Bond ETF and the iShares New York Muni Bond ETF (collectively, the “Single-state Municipal Bond Funds” and, together with the Multistate Municipal Bond Funds, the “Municipal Bond Funds”).¹²

Each of the Municipal Bond Funds listed on the Exchange prior to 2010 and is based on an index of fixed-income municipal bond securities. Commentary .02 to Rule 5.2-E(j)(3) sets forth the generic listing requirements for an index of fixed income securities underlying a series of Investment Company Units. One of the enumerated listing requirements is that component fixed income securities that, in the aggregate, account for at least 75% of the weight of the index

¹² The Exchange has previously filed a proposed rule change to facilitate the listing and trading of the Municipal Bond Funds. See Securities Exchange Act Release No. 81062 (June 30, 2017), 82 FR 31651 (July 7, 2017) (SR-NYSEArca-2017-56). On August 7, 2017, the Exchange filed Amendment No. 1 to SR-NYSEArca-2017-56 which replaced and superseded such filing in its entirety. On November 3, 2017, the Exchange filed Amendment No. 2 to SR-NYSEArca-2017-56 which replaced and superseded such filing as amended by Amendment No. 1 thereto. This Amendment No. 3 to SR-NYSE Arca-2017-56 replaces SR-NYSE Arca-2017-56 as amended by Amendments No. 1 and No. 2 thereto, and supersedes such filing in its entirety.

each shall have a minimum principal amount outstanding of \$100 million or more.¹³ The Exchange proposes to facilitate the listing and trading of the Municipal Bond Funds notwithstanding the fact that the indices on which they are based do not meet the requirements of Commentary .02(a)(2) to Rule 5.2-E(j)(3). Each of the indices on which the Municipal Bond Funds are based meet all of the other requirements of such rule.¹⁴

¹³ See Commentary .02(a)(2) to NYSE Arca Rule 5.2-E(j)(3).

¹⁴ The Commission previously has approved proposed rule changes relating to listing and trading on the Exchange of Units based on municipal bond indexes. See Securities Exchange Act Release Nos. 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 Rule 5.2-E(j)(3), Commentary .02); 67729 (August 24, 2012), 77 FR 52776 (August 30, 2012) (SR-NYSEArca-2012-92) (notice of 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 Rule 5.2-E(j)(3), Commentary .02) (“iShares 2018 Notice”); 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-E(j)(3), Commentary .02); 72172 (May 15, 2014), 79 FR 29241 (May 21, 2014) (SR-NYSEArca-2014-37) (notice of proposed rule change relating to the listing and trading of iShares 2020 S&P AMT-Free Municipal Series under NYSE Arca Rule 5.2-E(j)(3), Commentary .02) (“iShares 2020 Notice”); 72464 (June 25, 2014), 79 FR 37373 (July 1, 2014) (File No. SR-NYSEArca-2014-45) (order approving proposed rule change governing the continued listing and trading of shares of the PowerShares Insured California Municipal Bond Portfolio, PowerShares Insured National Municipal Bond Portfolio, and PowerShares Insured New York Municipal Bond Portfolio) (“PowerShares Order”); 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 Rule 5.2-E(j)(3)) (“iShares 2021/2022 Order”); 74730 (April 15, 2015), 76 FR 22234 (April 21, 2015) (notice of 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 Rule 5.2-E(j)(3), Commentary .02) (“iShares 2021/2022 Notice”); 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 Rule 5.2-E(j)(3)). The Commission also has issued a notice of filing and immediate effectiveness of a proposed rule change relating to listing and trading on the Exchange of shares of the iShares Taxable Municipal

The Exchange believes it is appropriate to facilitate the listing and trading of the Municipal Bond Funds because, as described below, each such fund is based on a broad-based index of fixed income municipal bond securities that is not readily susceptible to manipulation:

1. According to its prospectus, the iShares National Muni Bond ETF seeks to track the investment results of the S&P National AMT-Free Municipal Bond Index, which measures the performance of the investment grade segment of the U.S. municipal bond market. The S&P National AMT-Free Municipal Bond Index primarily includes municipal bonds from issuers that are state or local governments or agencies such that the interest on each such bond is exempt from U.S. federal income taxes and the federal alternative minimum tax.

As of April 1, 2017, the S&P National AMT-Free Municipal Bond Index included 11,333 component fixed income municipal bond securities from issuers in 47 different states or U.S. territories. The most heavily weighted security in the index represented approximately 0.25% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented less than 1% of the total weight of the index. Approximately 31.79%

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 for Exchange listing and trading of shares of actively managed funds of that principally hold municipal bonds. See, e.g., Securities Exchange Act Release Nos. 60981 (November 10, 2009), 74 FR 59594 (November 18, 2009) (SR-NYSEArca-2009-79) (order approving listing and trading of shares of the PIMCO Short-Term Municipal Bond Strategy Fund and PIMCO Intermediate Municipal Bond Strategy Fund); 79293 (November 10, 2016), 81 FR 81189 (November 17, 2016) (SR-NYSEArca-2016-107) (order approving listing and trading of shares of Cumberland Municipal Bond ETF). The Commission also has approved listing and trading on the Exchange of shares of the SPDR Nuveen S&P High Yield Municipal Bond Fund under Commentary .02 of NYSE Arca Rule 5.2-E(j)(3). See Securities Exchange Act Release No.63881 (February 9, 2011), 76 FR 9065 (February 16, 2011) (SR-NYSEArca-2010-120).

of the weight of the components in the index had a minimum original principal amount outstanding of \$100 million or more. In addition, the total dollar amount outstanding of issues in the index was approximately \$628,460,731,594 and the average dollar amount outstanding of issues in the index was approximately \$55,454,048.

Under normal market conditions¹⁵, the iShares National Muni Bond ETF will invest at least 90% of its assets in the component securities of the S&P National AMT-Free Municipal Bond Index. With respect to the remaining 10% of its assets, the iShares National Muni Bond ETF may invest in short-term debt instruments issued by state governments, municipalities or local authorities, cash, exchange-traded U.S. Treasury futures and municipal money market funds, as well as in municipal bond securities not included in the S&P National AMT-Free Municipal Bond Index, but which the fund's investment advisor believes will help the fund track the S&P National AMT-Free Municipal Bond Index.

Requirement for Index Constituents

At least 90% of the weight of the S&P National AMT-Free Municipal Bond Index will be comprised of securities that have a minimum par amount of \$25 million and were a constituent of an offering where the original offering amount was at least \$100 million.

¹⁵ The term "normal market conditions" includes, but is not limited to, the absence of trading halts in the applicable financial markets generally; operational issues (e.g., systems failure) causing dissemination of inaccurate market information; or force majeure type events such as natural or manmade disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.

2. According to its prospectus, the iShares Short Term National Muni Bond ETF seeks to track the investment results of the S&P Short Term National AMT-Free Municipal Bond Index, which measures the performance of the short-term investment grade segment of the U.S. municipal bond market. The S&P Short Term National AMT-Free Municipal Bond Index primarily includes municipal bonds from issuers that are state or local governments or agencies such that the interest on each such bond is exempt from U.S. federal income taxes and the federal alternative minimum tax (“AMT”).

As of April 1, 2017, the S&P Short Term National AMT-Free Municipal Bond Index included 3,309 component fixed income municipal bond securities from issuers in 44 different states or U.S. territories. The most heavily weighted security in the index represented approximately 1% 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% of the total weight of the index.

Approximately 27.63% of the weight of the components in the index had a minimum original principal amount outstanding of \$100 million or more. In addition, the total dollar amount outstanding of issues in the index was approximately \$166,147,941,156 and the average dollar amount outstanding of issues in the index was approximately \$50,210,922.

Under normal market conditions, the iShares National Muni Bond ETF will invest at least 90% of its assets in the component securities of the S&P Short Term National AMT-Free Municipal Bond Index. With respect to the remaining 10% of its assets, the iShares National Muni Bond ETF may invest in short-term debt

instruments issued by state governments, municipalities or local authorities, cash, exchange-traded U.S. Treasury futures and municipal money market funds, as well as in municipal bond securities not included in the S&P Short Term National AMT-Free Municipal Bond Index, but which the fund's investment advisor believes will help the fund track the S&P Short Term National AMT-Free Municipal Bond Index.

Requirement for Index Constituents

At least 90% of the weight of the S&P Short Term National AMT-Free Municipal Bond Index will be comprised of securities that have a minimum par amount of \$25 million and were a constituent of an offering where the original offering amount was at least \$100 million.

3. According to its prospectus, the VanEck Vectors AMT-Free Intermediate Municipal Index ETF seeks to replicate as closely as possible, before fees and expenses, the price and yield performance of the Bloomberg Barclays AMT-Free Intermediate Continuous Municipal Index. The Bloomberg Barclays AMT-Free Intermediate Continuous Municipal Index is a market size weighted index comprised of publicly traded municipal bonds that cover the U.S. dollar denominated intermediate term tax-exempt bond market.

As of April 1, 2017, the Bloomberg Barclays AMT-Free Intermediate Continuous Municipal Index included 17,272 component fixed income municipal bond securities from issuers in 50 different states or U.S. territories. The most heavily weighted security in the index represented less than 0.25% of the total weight of the index and the aggregate weight of the top five most heavily weighted

securities in the index represented approximately 0.50% of the total weight of the index. Approximately 7.75% of the weight of the components in the index had a minimum original principal amount outstanding of \$100 million or more. In addition, the total dollar amount outstanding of issues in the index was approximately \$340,102,539,050 and the average dollar amount outstanding of issues in the index was approximately \$19,690,976.

Under normal market conditions, the VanEck Vectors AMT-Free Intermediate Municipal Index ETF will invest at least 80% of its total assets in fixed income securities that comprise the Bloomberg Barclays AMT-Free Intermediate Continuous Municipal Index. With respect to the remaining 20% of its assets, the VanEck Vectors AMT-Free Intermediate Municipal Index ETF may invest in municipal bonds not included in the Bloomberg Barclays AMT-Free Intermediate Continuous Municipal Index, money market instruments (including repurchase agreements or other funds which invest exclusively in money market instruments), convertible securities, exchange-traded warrants, participation notes, structured notes, cleared or non-cleared index, interest rate or credit default swap agreements, 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. In addition, the VanEck Vectors AMT-Free Intermediate Municipal Index ETF may invest up to 20% of its assets in when-issued securities in order to manage cash flows as well as exchange-traded futures contracts and exchange-traded options thereon (all such exchange-traded futures contracts and exchange-traded options thereon will be

traded on an exchange that is a member of the Intermarket Surveillance Group (“ISG”) or with which the Exchange has in place a comprehensive surveillance sharing agreement), together with positions in cash and money market instruments, to simulate full investment in the Bloomberg Barclays AMT-Free Intermediate Continuous Municipal Index.

Requirement for Index Constituents

At least 90% of the weight of the Bloomberg Barclays AMT-Free Intermediate Continuous Municipal Index will be comprised of securities that have an outstanding par value of at least \$7 million and were issued as part of a transaction of at least \$75 million.

4. According to its prospectus, the VanEck Vectors AMT-Free Long Municipal Index ETF seeks to replicate as closely as possible, before fees and expenses, the price and yield performance of the Bloomberg Barclays AMT-Free Long Continuous Municipal Index. The Bloomberg Barclays AMT-Free Long Continuous Municipal Index is a market size weighted index comprised of publicly traded municipal bonds that cover the U.S. dollar denominated long-term tax-exempt bond market.

As of April 1, 2017, the Bloomberg Barclays AMT-Free Long Continuous Municipal Index included 7,657 component fixed income municipal bond securities from issuers in 50 different states or U.S. territories. The most heavily weighted security in the index represented less than 0.50% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented approximately 1.25% of the total weight of the

index. Approximately 32.34% of the weight of the components in the index had a minimum original principal amount outstanding of \$100 million or more. In addition, the total dollar amount outstanding of issues in the index was approximately \$279,575,285,082 and the average dollar amount outstanding of issues in the index was approximately \$36,512,379.

Under normal market conditions, the VanEck Vectors AMT-Free Long Municipal Index ETF will invest at least 80% of its total assets in fixed income securities that comprise the Bloomberg Barclays AMT-Free Long Continuous Municipal Index. With respect to the remaining 20% of its assets, the VanEck Vectors AMT-Free Long Municipal Index ETF may invest in municipal bonds not included in the Bloomberg Barclays AMT-Free Long Continuous Municipal Index, money market instruments (including repurchase agreements or other funds which invest exclusively in money market instruments), convertible securities, exchange-traded warrants, participation notes, structured notes, cleared or non-cleared index, interest rate or credit default swap agreements, 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. In addition, the VanEck Vectors AMT-Free Long Municipal Index ETF may invest up to 20% of its assets in when-issued securities in order to manage cash flows as well as exchange-traded futures contracts and exchange-traded options thereon (all such exchange-traded futures contracts and exchange-traded options thereon will be traded on an exchange that is a member of the ISG or with which the Exchange has in place a comprehensive surveillance sharing

agreement), together with positions in cash and money market instruments, to simulate full investment in the Bloomberg Barclays AMT-Free Long Continuous Municipal Index.

Requirement for Index Constituents

At least 90% of the weight of the Bloomberg Barclays AMT-Free Long Continuous Municipal Index will be comprised of securities that have an outstanding par value of at least \$7 million and were issued as part of a transaction of at least \$75 million.

5. According to its prospectus, the VanEck Vectors AMT-Free Short Municipal Index ETF seeks to replicate as closely as possible, before fees and expenses, the price and yield performance of the Bloomberg Barclays AMT-Free Short Continuous Municipal Index. The Bloomberg Barclays AMT-Free Short Continuous Municipal Index is a market size weighted index comprised of publicly traded municipal bonds that cover the U.S. dollar denominated short-term tax-exempt bond market.

As of April 1, 2017, the Bloomberg Barclays AMT-Free Short Continuous Municipal Index included 7,229 component fixed income municipal bond securities from issuers in 48 different states or U.S. territories. The most heavily weighted security in the index represented approximately 1% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented approximately 2.25% of the total weight of the index. Approximately 13.60% of the weight of the components in the index had a minimum original principal amount outstanding of \$100 million or more. In

addition, the total dollar amount outstanding of issues in the index was approximately \$152,020,140,995 and the average dollar amount outstanding of issues in the index was approximately \$21,026,299.

Under normal market conditions, the VanEck Vectors AMT-Free Short Municipal Index ETF will invest at least 80% of its total assets in fixed income securities that comprise the Bloomberg Barclays AMT-Free Short Continuous Municipal Index. With respect to the remaining 20% of its assets, the VanEck Vectors AMT-Free Short Municipal Index ETF may invest in municipal bonds not included in the Bloomberg Barclays AMT-Free Short Continuous Municipal Index, money market instruments (including repurchase agreements or other funds which invest exclusively in money market instruments), convertible securities, exchange-traded warrants, participation notes, structured notes, cleared or non-cleared index, interest rate or credit default swap agreements, 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. In addition, the VanEck Vectors AMT-Free Short Municipal Index ETF may invest up to 20% of its assets in when-issued securities in order to manage cash flows as well as exchange-traded futures contracts and exchange-traded options thereon (all such exchange-traded futures contracts and exchange-traded options thereon will be traded on an exchange that is a member of the ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement), together with positions in cash and money market instruments, to simulate full investment in the Bloomberg Barclays AMT-Free Short Continuous

Municipal Index.

Requirement for Index Constituents

At least 90% of the weight of the Bloomberg Barclays AMT-Free Short Continuous Municipal Index will be comprised of securities that have an outstanding par value of at least \$7 million and were issued as part of a transaction of at least \$75 million.

6. According to its prospectus, the VanEck Vectors High-Yield Municipal Index ETF seeks to replicate as closely as possible, before fees and expenses, the price and yield performance of the Bloomberg Barclays Municipal Custom High Yield Composite Index. The Bloomberg Barclays Municipal Custom High Yield Composite Index is a market size weighted index composed of publicly traded municipal bonds that cover the U.S. dollar denominated high yield long-term tax-exempt bond market. The Bloomberg Barclays Municipal Custom High Yield Composite Index is calculated using a market value weighting methodology, provided that the total allocation to issuers from each individual territory of the United States (including Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa and the Northern Mariana Islands) does not exceed 4%. The Bloomberg Barclays Municipal Custom High Yield Composite Index tracks the high yield municipal 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.

As of April 1, 2017, the Bloomberg Barclays Municipal Custom High Yield Composite Index included 4,702 component fixed income municipal bond

securities from issuers in 50 different states or U.S. territories. The most heavily weighted security in the index represented approximately 1.25% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented approximately 6% of the total weight of the index. Approximately 43.26% of the weight of the components in the index had a minimum original principal amount outstanding of \$100 million or more. In addition, the total dollar amount outstanding of issues in the index was approximately \$224,318,153,150 and the average dollar amount outstanding of issues in the index was approximately \$47,706,966.

Under normal market conditions, the VanEck Vectors High-Yield Municipal Index ETF will invest at least 80% of its total assets in securities that comprise the Bloomberg Barclays Municipal Custom High Yield Composite Index. With respect to the remaining 20% of its assets, the VanEck Vectors High-Yield Municipal Index ETF may invest in municipal bonds not included in the Bloomberg Barclays Municipal Custom High Yield Composite Index, money market instruments (including repurchase agreements or other funds which invest exclusively in money market instruments), convertible securities, exchange-traded warrants, participation notes, structured notes, cleared or non-cleared index, interest rate or credit default swap agreements, 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. In addition, the VanEck Vectors High-Yield Municipal Index ETF may invest up to 20% of its assets in when-issued securities in order to manage cash flows as well

as exchange-traded futures contracts and exchange-traded options thereon (all such exchange-traded futures contracts and exchange-traded options thereon will be traded on an exchange that is a member of the ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement), together with positions in cash and money market instruments, to simulate full investment in the Bloomberg Barclays Municipal Custom High Yield Composite Index.

Requirement for Index Constituents

The Bloomberg Barclays Municipal Custom High Yield Composite Index is comprised of three total return, market size weighted benchmark indices with weights as follows: (i) 50% weight in Muni High Yield/\$100 Million Deal Size Index, (ii) 25% weight in Muni High Yield/Under \$100 Million Deal Size Index, and (iii) 25% weight in Muni Baa Rated/\$100 Million Deal Size Index. At least 90% of the weight of the Muni High Yield/\$100 Million Deal Size Index will be comprised of securities that have an outstanding par value of at least \$3 million and were issued as part of a transaction of at least \$100 million. At least 90% of the weight of the Muni High Yield/Under \$100 Million Deal Size Index will be comprised of securities that have an outstanding par value of at least \$3 million and were issued as part of a transaction of under \$100 million but over \$20 million. At least 90% of the weight of the Muni Baa Rated/\$100 Million Deal Size Index will be comprised of securities that have an outstanding par value of at least \$7 million and were issued as part of a transaction of at least \$100 million.

7. According to its prospectus, the VanEck Vectors Pre-Refunded Municipal Index ETF seeks to replicate as closely as possible, before fees and expenses, the price

and yield performance of the Bloomberg Barclays Municipal Pre-Refunded—Treasury-Escrowed Index. The Bloomberg Barclays Municipal Pre-Refunded—Treasury-Escrowed Index is a market size weighted index comprised of publicly traded municipal bonds that cover the U.S. dollar denominated tax-exempt bond market. The Bloomberg Barclays Municipal Pre-Refunded—Treasury-Escrowed Index is comprised of pre-refunded and/or escrowed-to-maturity municipal bonds. As of April 1, 2017, the Bloomberg Barclays Municipal Pre-Refunded-Treasury-Escrowed Index included 3,691 component fixed income municipal bond securities from issuers in 50 different states or U.S. territories. The most heavily weighted security in the index represented approximately 0.50% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented approximately 2.25% of the total weight of the index. Approximately 19.23% of the weight of the components in the index had a minimum original principal amount outstanding of \$100 million or more. In addition, the total dollar amount outstanding of issues in the index was approximately \$94,289,476,486 and the average dollar amount outstanding of issues in the index was approximately \$25,545,780.

Under normal market conditions, the VanEck Vectors Pre-Refunded Municipal Index ETF will invest at least 80% of its total assets in securities that comprise the Bloomberg Barclays Municipal Pre-Refunded—Treasury-Escrowed Index. With respect to the remaining 20% of its assets, the VanEck Vectors Pre-Refunded Municipal Index ETF may invest in municipal bonds not included in the Bloomberg Barclays Municipal Pre-Refunded—Treasury-Escrowed Index, money

market instruments (including repurchase agreements or other funds which invest exclusively in money market instruments), convertible securities, exchange-traded warrants, participation notes, structured notes, cleared or non-cleared index, interest rate or credit default swap agreements, 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. In addition, the VanEck Vectors Pre-Refunded Municipal Index ETF may invest up to 20% of its assets in when-issued securities in order to manage cash flows as well as exchange-traded futures contracts and exchange-traded options thereon (all such exchange-traded futures contracts and exchange-traded options thereon will be traded on an exchange that is a member of the ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement), together with positions in cash and money market instruments, to simulate full investment in the Bloomberg Barclays Municipal Pre-Refunded—Treasury-Escrowed Index.

Requirement for Index Constituents

At least 90% of the weight of the Bloomberg Barclays Municipal Pre-Refunded—Treasury-Escrowed Index will be comprised of securities that have an outstanding par value of at least \$7 million and were issued as part of a transaction of at least \$75 million.

8. According to its prospectus, the PowerShares VRDO Tax-Free Weekly Portfolio seeks investment results that generally correspond (before fees and expenses) to the price and yield of the Bloomberg U.S. Municipal AMT-Free Weekly VRDO Index. The Bloomberg U.S. Municipal AMT-Free Weekly VRDO Index is

comprised of municipal securities issued in the primary market as variable rate demand obligation (“VRDO”) bonds.

As of April 1, 2017, the Bloomberg US Municipal AMT-Free Weekly VRDO Index included 1,494 component fixed income municipal bond securities from issuers in 49 different states or U.S. territories. The most heavily weighted security in the index represented approximately 0.75% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented approximately 2.75% of the total weight of the index. Approximately 34.88% of the weight of the components in the index had a minimum original principal amount outstanding of \$100 million or more. In addition, the total dollar amount outstanding of issues in the index was approximately \$68,489,564,000 and the average dollar amount outstanding of issues in the index was approximately \$45,843,082.

Under normal market conditions, the PowerShares VRDO Tax-Free Weekly Portfolio will invest at least 80% of its total assets in VRDO bonds that are exempt from federal income tax with interest rates that reset weekly that comprise the Bloomberg U.S. Municipal AMT-Free Weekly VRDO Index. With respect to the remaining 20% of its assets, the PowerShares VRDO Tax-Free Weekly Portfolio may invest in money market instruments (including repurchase agreements or other funds that invest exclusively in money market instruments), U.S. treasury securities, convertible securities, exchange-traded funds and structured notes as well as well as in VRDO and municipal bond securities not included in the Bloomberg U.S. Municipal AMT-Free Weekly VRDO Index, but

which the fund's investment advisor believes will help the fund track the Bloomberg U.S. Municipal AMT-Free Weekly VRDO Index.

Requirement for Index Constituents

At least 90% of the weight of the Bloomberg U.S. Municipal AMT-Free Weekly VRDO Index will be comprised of securities that have a minimum amount outstanding of \$10 million.

9. According to its prospectus, the SPDR Nuveen Bloomberg Barclays Short Term Municipal Bond ETF seeks to provide investment results that, before fees and expenses, correspond generally to the price and yield performance of the Bloomberg Barclays Managed Money Municipal Short Term Index which tracks the short term tax exempt municipal bond market. The Bloomberg Barclays Managed Money Municipal Short Term Index is designed to track the publicly traded municipal bonds that cover the U.S. dollar denominated short term tax exempt bond market, including state and local general obligation bonds, revenue bonds, pre-refunded bonds, and insured bonds.

As of April 1, 2017, the Bloomberg Barclays Managed Money Municipal Short Term Index included 4,263 component fixed income municipal bond securities from issuers in 44 different states or U.S. territories. The most heavily weighted security in the index represented approximately 0.75% 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% of the total weight of the index.

Approximately 10.82% of the weight of the components in the index had a minimum original principal amount outstanding of \$100 million or more. In

addition, the total dollar amount outstanding of issues in the index was approximately \$85,187,709,681 and the average dollar amount outstanding of issues in the index was approximately \$19,983,042.

Under normal market conditions, the SPDR Nuveen Bloomberg Barclays Short Term Municipal Bond ETF will invest substantially all, but at least 80%, of its total assets in the securities comprising the Bloomberg Barclays Managed Money Municipal Short Term Index or in securities that the fund's sub-adviser determines have economic characteristics that are substantially identical to the economic characteristics of the securities that comprise the Bloomberg Barclays Managed Money Municipal Short Term Index. With respect to the remaining 20% of its assets, the SPDR Nuveen Bloomberg Barclays Short Term Municipal Bond ETF may invest in debt securities that are not included in the Bloomberg Barclays Managed Money Municipal Short Term Index, cash and cash equivalents or money market instruments, such as repurchase agreements and money market funds, commercial paper, foreign currency transactions, reverse repurchase agreements, securities of other investment companies, exchange-traded futures on Treasuries or Eurodollars (all such exchange-traded futures contracts will be traded on an exchange that is a member of the ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement), U.S. exchange-traded or OTC put and call options contracts and exchange-traded or OTC swap agreements (including interest rate swaps, total return swaps, excess return swaps and credit default swaps) and treasury-inflation protected securities of the U.S. Treasury as well as major governments and emerging market

countries.

Requirement for Index Constituents

At least 90% of the weight of the Bloomberg Barclays Managed Money Municipal Short Term Index will be comprised of securities that have an outstanding par value of at least \$7 million and were issued as part of a transaction of at least \$75 million.

10. According to its prospectus, the SPDR Nuveen Bloomberg Barclays Municipal Bond ETF seeks to provide investment results that, before fees and expenses, correspond generally to the price and yield performance of the Bloomberg Barclays Municipal Managed Money Index which tracks the U.S. municipal bond market. The Bloomberg Barclays Municipal Managed Money Index is designed to track the U.S. long term tax-exempt bond market, including state and local general obligation bonds, revenue bonds, pre-refunded bonds, and insured bonds. The Bloomberg Barclays Municipal Managed Money Index is comprised of tax-exempt municipal securities issued by states, cities, counties, districts and their respective agencies. The Bloomberg Barclays Municipal Managed Money Index also includes municipal lease obligations, which are securities issued by state and local governments and authorities to finance the acquisition of equipment and facilities.

As of April 1, 2017, the Bloomberg Barclays Municipal Managed Money Index included 22,247 component fixed income municipal bond securities from issuers in 48 different states or U.S. territories. The most heavily weighted security in the index represented less than 0.25% of the total weight of the index and the

aggregate weight of the top five most heavily weighted securities in the index represented approximately 0.50% of the total weight of the index. Approximately 13.35% of the weight of the components in the index had a minimum original principal amount outstanding of \$100 million or more. In addition, the total dollar amount outstanding of issues in the index was approximately \$496,240,108,998 and the average dollar amount outstanding of issues in the index was approximately \$22,305,934.

Under normal market conditions, the SPDR Nuveen Bloomberg Barclays Municipal Bond ETF will invest substantially all, but at least 80%, of its total assets in the securities comprising the Bloomberg Barclays Municipal Managed Money Index or in securities that the fund's sub-adviser determines have economic characteristics that are substantially identical to the economic characteristics of the securities that comprise the Bloomberg Barclays Municipal Managed Money Index. With respect to the remaining 20% of its assets, the SPDR Nuveen Bloomberg Barclays Municipal Bond ETF may invest in debt securities that are not included in the Bloomberg Barclays Municipal Managed Money Index, cash and cash equivalents or money market instruments, such as repurchase agreements and money market funds, commercial paper, foreign currency transactions, reverse repurchase agreements, securities of other investment companies, exchange-traded futures on Treasuries or Eurodollars (all such exchange-traded futures contracts will be traded on an exchange that is a member of the ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement), U.S exchange-traded or OTC put and call

options contracts and exchange-traded or OTC swap agreements (including interest rate swaps, total return swaps, excess return swaps and credit default swaps) and treasury-inflation protected securities of the U.S. Treasury as well as major governments and emerging market countries.

Requirement for Index Constituents

At least 90% of the weight of the Bloomberg Barclays Municipal Managed Money Index will be comprised of securities that have an outstanding par value of at least \$7 million and were issued as part of a transaction of at least \$75 million.

11. According to its prospectus, the iShares California Muni Bond ETF seeks to track the investment results of the S&P California AMT-Free Municipal Bond Index, which measures the performance of the investment grade segment of the California municipal bond market. The S&P California AMT-Free Municipal Bond Index is a subset of the S&P National AMT-Free Municipal Bond Index and is comprised of municipal bonds issued in the State of California. The S&P California AMT-Free Municipal Bond Index primarily includes municipal bonds from issuers in California that are California state or local governments or agencies whose interest payments are exempt from U.S. federal and California state income taxes and the federal alternative minimum tax.

As of April 1, 2017, the S&P California AMT-Free Municipal Bond Index included 2,115 component fixed income municipal bond securities from more than 150 distinct municipal bond issuers in the State of California. The most heavily weighted security in the index represented approximately 0.50% of the total weight of the index and the aggregate weight of the top five most heavily

weighted securities in the index represented approximately 2.75% of the total weight of the index. Approximately 38.89% of the weight of the components in the index had a minimum original principal amount outstanding of \$100 million or more. In addition, the total dollar amount outstanding of issues in the index was approximately \$137,796,471,640 and the average dollar amount outstanding of issues in the index was approximately \$65,151,996.

Under normal market conditions, the iShares California Muni Bond ETF will invest at least 90% of its assets in the component securities of the S&P California AMT-Free Municipal Bond Index. With respect to the remaining 10% of its assets, the iShares California Muni Bond ETF may invest in short-term debt instruments issued by state governments, municipalities or local authorities, cash, exchange-traded U.S. Treasury futures and municipal money market funds, as well as in municipal bond securities not included in the S&P California AMT-Free Municipal Bond Index, but which the fund's investment advisor believes will help the fund track the S&P California AMT-Free Municipal Bond Index.

Requirement for Index Constituents

At least 90% of the weight of the S&P California AMT-Free Municipal Bond Index will be comprised of securities that have a minimum par amount of \$25 million and were a constituent of an offering where the original offering amount was at least \$100 million.

12. According to its prospectus, the iShares New York Muni Bond ETF seeks to track the investment results of the S&P New York AMT-Free Municipal Bond Index, which measures the performance of the investment grade segment of the New

York municipal bond market. The S&P New York AMT-Free Municipal Bond Index is a subset of the S&P National AMT-Free Municipal Bond Index and is comprised of municipal bonds issued in the State of New York. The S&P New York AMT-Free Municipal Bond Index primarily includes municipal bonds from issuers in New York that are New York state or local governments or agencies whose interest payments are exempt from U.S. federal and New York State personal income taxes and the federal alternative minimum tax.

As of April 1, 2017, the S&P New York AMT-Free Municipal Bond Index included 2,191 component fixed income municipal bond securities from more than 20 distinct municipal bond issuers in the State of New York. The most heavily weighted security in the index represented approximately 1.50% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented approximately 4.25% of the total weight of the index. Approximately 34.50% of the weight of the components in the index had a minimum original principal amount outstanding of \$100 million or more. In addition, the total dollar amount outstanding of issues in the index was approximately \$124,381,556,872 and the average dollar amount outstanding of issues in the index was approximately \$56,769,309.

Under normal market conditions, the iShares New York Muni Bond ETF will invest at least 90% of its assets in the component securities of the S&P New York AMT-Free Municipal Bond Index. With respect to the remaining 10% of its assets, the iShares New York Muni Bond ETF may invest in short-term debt instruments issued by state governments, municipalities or local authorities, cash,

exchange-traded U.S. Treasury futures and municipal money market funds, as well as in municipal bond securities not included in the S&P New York AMT-Free Municipal Bond Index, but which the fund's investment advisor believes will help the fund track the S&P New York AMT-Free Municipal Bond Index.

Requirement for Index Constituents

At least 90% of the weight of the S&P New York AMT-Free Municipal Bond Index will be comprised of securities that have a minimum par amount of \$25 million and were a constituent of an offering where the original offering amount was at least \$100 million.

Based on the characteristics of each index as described above, the Exchange believes it is appropriate to facilitate the listing and trading of the Municipal Bond Funds. Each index underlying the Municipal Bond Funds satisfies all of the generic listing requirements for Investment Company Units based on a fixed income index, except for the minimum principal amount outstanding requirement of Commentary .02(a)(2) to Rule 5.2-E(j)(3). A fundamental purpose behind the minimum principal amount outstanding requirement is to ensure that component securities of an index are sufficiently liquid such that the potential for index manipulation is reduced.

As described above, each index underlying the Multistate Municipal Bond Funds is broad-based and currently includes, on average, more than 8,000 component securities. Whereas the generic listing rules permit a single component security to represent up to 30% of the weight of an index and the top five component securities to, in aggregate, represent up to 65% of the

weight of an index,¹⁶ no single security currently represents more than approximately 1.5% of the weight of any index underlying the Multistate Municipal Bond Funds. Similarly, the aggregate weight of the five most heavily weighted securities in each index does not exceed approximately 6%. The Exchange believes that this significant diversification and the lack of concentration among constituent securities provides a strong degree of protection against index manipulation.

Each index on which the Single-state Municipal Bond Funds is based is similarly well diversified to protect against index manipulation. On average, the indices underlying the Single-state Municipal Bond Funds include more than 1,500 securities. Each index includes securities from at least 20 distinct municipal bond issuers and the most heavily weighted security in any of the indices underlying the Single-state Municipal Bond Funds represents approximately 2% and the aggregate weight of the five most heavily weighted securities in any of the indices represents approximately 6.25% of the total index weight.

On a continuous basis, each index underlying a Municipal Bond Fund will (i) contain at least 500 component securities and (ii) comply with the parameters described under the heading “Requirement for Index Constituents” contained in the description of its related Municipal Bond Fund set forth above.¹⁷ In addition, the Exchange represents that: (1) except for Commentary

¹⁶ See Commentary .02(a)(4) to NYSE Arca Rule 5.2-E(j)(3).

¹⁷ The Commission has previously approved a proposed rule change relating to the listing and trading on the Exchange of a series of Investment Company Units based on a municipal bond index that did not satisfy Commentary .02(a)(2) of Rule 5.2-E(j)(3) provided that such municipal bond index contained at least 500 component securities on a continuous basis. See Securities Exchange Act Release No. 79767 (January 10, 2017), 82 FR 4950 (January 17, 2017) (SR–NYSEArca–2016–62) (order approving proposed rule change relating to the listing and trading of the PowerShares Build America Bond Portfolio). The total dollar amount of issues in the index underlying the PowerShares Build America Bond Portfolio was approximately \$281,589,346,769 and the average

.02(a)(2) to Rule 5.2-E(j)(3), each index currently satisfies all of the generic listing standards under Rule 5.2-E(j)(3); (2) the continued listing standards under Rules 5.2-E(j)(3) (except for Commentary .02(a)(2)) and 5.5-E(g)(2) applicable to Investment Company Units will apply to the shares of each Municipal Bond Fund; and (3) the issuer of each Municipal Bond Fund is required to comply with Rule 10A-3¹⁸ under the Act for the initial and continued listing of the shares of each Municipal Bond Fund. In addition, the Exchange represents that the shares of each Municipal Bond Fund will comply with all other requirements applicable to Investment Company Units including, but not limited to, requirements relating to the dissemination of key information such as the value of the underlying index and the applicable Intraday Indicative Value (“IIV”),¹⁹ rules governing the trading of equity securities, trading hours, trading halts, surveillance, information barriers and the Information Bulletin to Equity Trading Permit Holders (“ETP Holders”), as set forth in Exchange rules applicable to Investment Company Units and prior Commission orders approving the generic listing rules applicable to the listing and trading of Investment Company Units.²⁰

dollar amount outstanding of issues in the index was approximately \$27,808,547. Those metrics are comparable to the metrics of the indices underlying the Municipal Bond Funds.

¹⁸ 17 CFR 240.10A-3.

¹⁹ The IIV will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Exchange’s Core Trading Session of 9:30 a.m. to 4:00 p.m., Eastern time. Currently, it is the Exchange’s understanding that several major market data vendors display and/or make widely available IIVs taken from the Consolidated Tape Association (“CTA”) or other data feeds.

²⁰ See, e.g., Securities Exchange Act Release Nos. 55783 (May 17, 2007), 72 FR 29194 (May 24, 2007) (SR-NYSEArca-2007-36) (order approving NYSE Arca generic listing standards for Units based on a fixed income index); 44551 (July 12, 2001), 66 FR 37716 (July 19, 2001) (SR-PCX-2001-14) (order approving generic listing standards for Units and Portfolio Depositary Receipts); 41983 (October 6, 1999), 64 FR 56008 (October 15, 1999) (SR-PCX-98-29) (order approving rules for listing and trading of Units).

The current value of each index underlying the Municipal Bond Funds is widely disseminated by one or more major market data vendors at least once per day, as required by NYSE Arca Rule 5.2-E(j)(3), Commentary .02 (b)(ii). The IIV for shares of each Municipal Bond Fund is disseminated by one or more major market data vendors, updated at least every 15 seconds during the Exchange's Core Trading Session, as required by NYSE Arca Rule 5.2-E(j)(3), Commentary .02 (c). In addition, the portfolio of securities held by each Municipal Bond Fund is disclosed daily on each Municipal Bond Fund's website. Further, the website for each Municipal Bond Fund will contain the applicable fund's prospectus and additional data relating to net asset value ("NAV") and other applicable quantitative information. The Exchange has obtained a representation from each Municipal Bond Fund issuer that the applicable NAV per share will be calculated daily will be made available to all market participants at the same time. None of the indices underlying the Municipal Bond Funds is maintained by a broker-dealer.

The Exchange notes that each of the Municipal Bond Funds has been listed on the Exchange for at least eight years²¹ and that, during such time, the Exchange has not become aware of any potential manipulation of the underlying indices. Further, the Exchange's existing rules require that the Municipal Bond Funds notify the Exchange of any material change to the methodology used to determine the composition of the index.²² Therefore, if the methodology of an index underlying the Municipal Bond Funds was changed in a manner that would materially alter its existing composition, the Exchange would have advance notice and would evaluate the index, as modified, to determine whether it was sufficiently broad-based and well diversified.

²¹ The VanEck Vectors High-Yield Municipal Index ETF is the most recently listed of the Multistate Municipal Bond Funds and listed on the Exchange on February 5, 2009.

²² See NYSE Arca Rule 5.3-E(i)(1)(i)(P).

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 when-issued securities 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.

Surveillance

The Exchange represents that trading in the shares of each Municipal Bond Fund will be subject to the existing trading surveillances, administered by the Financial Industry Regulatory Authority (“FINRA”) on behalf of the Exchange, or by regulatory staff of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws. The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the shares of each Municipal Bond Fund in all trading sessions and to deter and detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange.²³

The surveillances referred to above generally focus on detecting securities trading outside their normal patterns, which could be indicative of manipulative or other violative activity. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations.

The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares and ETFs with other markets and other entities that are

²³ FINRA conducts cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA’s performance under this regulatory services agreement.

members of the ISG, and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in the Shares and ETFs from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares and ETFs from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. In addition, FINRA, on behalf of the Exchange, is able to access, as needed, trade information for certain fixed income securities held by a Fund reported to FINRA's Trade Reporting and Compliance Engine ("TRACE"). FINRA also can 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.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)²⁴ that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market 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 of each Municipal Bond Fund will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Rule 5.2-E(j)(3) (except for Commentary .02(a)(2)). The Exchange represents that trading in the shares of each Municipal Bond Fund will be subject to the existing trading surveillances administered by the Exchange as well as cross-market surveillances administered by the

²⁴ 15 U.S.C. 78f(b)(5).

Financial Industry Regulatory Authority (“FINRA”) on behalf of the Exchange, which are designed to detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange.²⁵ The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the shares of each Municipal Bond Fund in all trading sessions and to deter and detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange. The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the shares of each Municipal Bond Fund with other markets that are members of the ISG. In addition, the Exchange will communicate as needed regarding trading in the shares of each Municipal Bond Fund with other markets that are members of the ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. FINRA also can access data obtained from the Municipal Securities Rulemaking Board relating to municipal bond trading activity for surveillance purposes in connection with trading in the shares of each Municipal Bond Fund. 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 Trade Reporting and Compliance Engine (“TRACE”).

As discussed above, the Exchange believes that each index underlying the Municipal Bond Funds is sufficiently broad-based to deter potential manipulation. Each index underlying the Multistate Municipal Bond Funds currently includes, on average, more than 8,000 component securities. Whereas the generic listing rules require that an index contain securities from a minimum of 13 non-affiliated issuers,²⁶ each index underlying the Multistate Municipal

²⁵ FINRA conducts cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA’s performance under this regulatory services agreement.

²⁶ See Commentary .02(a)(5) to NYSE Arca Rule 5.2-E(j)(3).

Bond Funds currently includes securities issued by municipal entities in more than 40 states or U.S. territories. Further, whereas the generic listing rules permit a single component security to represent up to 30% of the weight of an index and the top five component securities to, in aggregate, represent up to 65% of the weight of an index,²⁷ no single security currently represents more than approximately 1.5% of the weight of any index underlying the Multistate Municipal Bond Funds. Similarly, the aggregate weight of the five most heavily weighted securities in each index does not exceed approximately 6%.

Further, the indices underlying the Single-state Municipal Bond Funds include, on average, more than 1,500 securities. Each such index includes securities from at least 20 distinct municipal bond issuers and the most heavily weighted security in any of the indices underlying the Single-state Municipal Bond Funds represents approximately 2% and the aggregate weight of the five most heavily weighted securities in any of the indices represents approximately 6.25% of the total index weight.

On a continuous basis, each index underlying a Municipal Bond Fund will (i) contain at least 500 component securities and (ii) comply with the parameters described under the heading “Requirement for Index Constituents” contained in the description of its related Municipal Bond Fund set forth above.

In support of its proposed rule change, the Exchange notes that the Commission has previously approved a rule change to facilitate the listing and trading of series of Investment Company Units based on an index of municipal bond securities that did not otherwise meet the generic listing requirements of NYSE Arca Rule 5.2-E(j)(3). For example, the Commission previously approved the listing and trading of the PowerShares Insured California Municipal Bond

²⁷ See Commentary .02(a)(4) to NYSE Arca Rule 5.2-E(j)(3).

Portfolio, PowerShares Insured National Municipal Bond Portfolio and the PowerShares Insured New York Municipal Bond Portfolio (the “PowerShares Municipal Bond Funds”) notwithstanding the fact that the index underlying each fund did not satisfy the criteria of Commentary .02(a)(2) to Rule 5.2-E(j)(3).²⁸ In finding such proposal to be consistent with the Act and the rules regulations thereunder, the Commission noted that each underlying index was sufficiently broad-based to deter potential manipulation. The Exchange believes that each of the indices underlying the Municipal Bond Funds shares comparable characteristics to the indices underlying the PowerShares Municipal Bond Funds.

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 is publicly available regarding the Municipal Bond Funds, thereby promoting market transparency. Each Municipal Bond Fund’s portfolio holdings will be disclosed on such Municipal Bond 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 for shares of each Municipal Bond Fund will be widely disseminated by one or more major market data vendors at least every 15 seconds during the Exchange’s Core Trading Session. The current value of each index underlying the Municipal Bond Funds 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 of each Municipal Bond Fund 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 each Municipal Bond Fund will include

²⁸ See Securities Exchange Act Release No. 72464 (June 25, 2014), 79 FR 37373 (July 1, 2014) (File No. SR-NYSEArca-2014-45).

the prospectus for such Municipal Bond Fund and additional data relating to NAV and other applicable quantitative information. If the Exchange becomes aware that a Municipal Bond Fund's NAV is not being disseminated to all market participants at the same time, it will halt trading in the shares of such Municipal Bond Fund 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 a Municipal Bond 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 of a particular Municipal Bond Fund inadvisable. If the IIV and index value are not being disseminated for a particular Municipal Bond Fund as required, the Corporation may halt trading during the day in which the interruption to the dissemination of the IIV or index value occurs. If the interruption to the dissemination of an IIV or index value persists past the trading day in which it occurred, the Corporation will halt trading. Trading in the shares of a Municipal Bond Fund will be halted if the circuit breaker parameters in NYSE Arca Rule 7.12-E have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in the shares of a particular Municipal Bond Fund inadvisable, and trading in the shares of each Municipal Bond Fund will be subject to NYSE Arca Rule 7.34-E, which sets forth circumstances under which such shares may be halted. In addition, investors will have ready access to information regarding the applicable IIV, and quotation and last sale information for the shares of each Municipal Bond Fund. Trade price and other information relating to municipal bonds is available through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system.

All statements and representations made in this filing regarding (a) the description of each Municipal Bond Fund's index, portfolio or reference asset, (b) limitations on index or

portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in this rule filing shall constitute continued listing requirements for listing the shares of each Municipal Bond Fund on the Exchange. Each issuer of the Municipal Bond Funds is required to advise the Exchange of any failure by its Municipal Bond Fund to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will monitor for compliance with the continued listing requirements. If a Municipal Bond Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under NYSE Arca Rule 5.5-E(m).

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 exchange-traded products that principally hold municipal bonds and that will enhance competition among market participants, to the benefit of investors and the marketplace. The Exchange has in place surveillance procedures relating to trading in the shares of each Municipal Bond Fund and may obtain information 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 of each Municipal Bond Fund.

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 not necessary or appropriate in furtherance of the purposes of the Act, as amended. The Exchange notes that the proposed rule change will facilitate the listing and trading of exchange-traded products that hold municipal securities and 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

No written comments were solicited or received with respect to the proposed rule change.

III. Summary of Comments

The Commission received seven comment letters on the proposed rule change.²⁹ All of the letters support the proposed rule change for similar reasons.

All of the commenters³⁰ assert that the approval of the proposed rule change would be consistent with the Commission's approval of a proposed rule change to list and trade shares of the PowerShares Build America Bond Portfolio.³¹ According to the Exchange, in approving the continued listing of the Build America Bond Fund based on a new index, the Commission relied upon the index's broad diversification; the Exchange's representation that the index would comply on a continuous basis with all the requirements of Commentary .02 to NYSE Arca Rule 5.2-E(j)(3) -- except for the requirement in Commentary .02(a)(2); and the Exchange's representation that in no event would the index contain fewer than 500 component securities.³² The Exchange notes that, like the PowerShares Build America Bond Portfolio, each of the Municipal Bond Funds is based on an index of municipal bond securities that meet all the applicable generic listing requirements, except for the requirement in Commentary .02(a)(2) to NYSE Arca Rule

²⁹ See supra note 9.

³⁰ See Exchange Letter, supra note 9, at 1-2; BlackRock Letter, supra note 9, at 2; Invesco Letter, supra note 9, at 2-3; VanEck Letter, supra note 9, at 2; State Street Letter, supra note 9, at 2; ICI Letter, supra note 9, at 2; SIFMA Letter, supra note 9, at 2.

³¹ See Securities Exchange Act Release No. 79767, 82 FR 4950 (January 17, 2017) (SR-NYSEArca-2016-62).

³² See Exchange Letter, supra note 9, at 2.

5.2-E(j)(3).³³ Further, the Exchange and other commenters argue that the Municipal Bond Funds are also diversified and/or broad-based.³⁴

Additionally, three commenters³⁵ assert that the approval of the proposed rule change would be consistent with the Commission's approval of a proposal to list and trade shares of the Vanguard Tax-Exempt Bond ETF.³⁶ These commenters note that the Commission approved the shares even though the Vanguard Fund did not meet the minimum original principal amount outstanding requirement of Commentary .02(a)(2) to NYSE Arca Rule 5.2-E(j)(3).³⁷

Most of the commenters point out that the continued listing standards applicable to the Municipal Bond Funds are scheduled to be implemented on January 1, 2018.³⁸ NYSE Arca states that, if the Commission does not approve the proposed rule change by that date, the Exchange will be required to declare the Municipal Bond Funds to be below compliance with the continued

³³ See Exchange Letter, supra note 9, at 2.

³⁴ See Exchange Letter, supra note 9, at 2; BlackRock, supra note 9, at 2; Invesco Letter, supra note 9, at 3; VanEck Letter, supra note 9, at 2; State Street Letter, supra note 9, at 1.

³⁵ See BlackRock Letter, supra note 9, at 2-3; Invesco Letter, supra note 9, at 3; VanEck Letter, supra note 9, at 2-3.

³⁶ See Securities Exchange Act Release No. 75376 (July 7, 2015), 80 FR 40113 (July 13, 2015).

³⁷ See BlackRock Letter, supra note 9, at 2-3; Invesco Letter, supra note 9, at 3; VanEck Letter, supra note 9, at 2-3. One of these commenters also points out that the Commission also approved the continued listing and trading of shares of the PowerShares National AMT-Free Municipal Bond Portfolio, which, according to the commenter, overlies another index that similarly satisfies all the applicable generic listing criteria other than Commentary .02(a)(2) to NYSE Arca Rule 5.2-E(j)(3). See Invesco Letter, supra note 9, at 2-3, citing Securities Exchange Act Release No. 72464 (June 25, 2014), 79 FR 37373 (July 1, 2014) (SR-NYSEArca-2014-45).

³⁸ See Exchange Letter, supra note 9, at 1; BlackRock Letter, supra note 9, at 2; State Street Letter, supra note 9, at 1; VanEck Letter, supra note 9, at 2; ICI Letter, supra note 9, at 2; SIFMA Letter, supra note 9, at 2.

listing standards and commence delisting proceedings.³⁹ All of the commenters assert that delisting the Shares would be harmful to investors.⁴⁰ In addition, one of the commenters notes that the Municipal Bond Funds collectively have approximately \$22 billion in assets under management.⁴¹

IV. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change, as modified by Amendment No. 3, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.⁴² In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,⁴³ which requires, among other things, that the rules of a national securities exchange be 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

³⁹ See Exchange Letter, supra note 9, at 1.

⁴⁰ See Exchange Letter, supra note 9, at 1; BlackRock Letter, supra note 9, at 3; Invesco Letter, supra note 9, at 3; State Street Letter, supra note 9, at 2; VanEck Letter, supra note 9, at 3; ICI Letter, supra note 9, at 2 (also asserting that delisting of the Shares would be disruptive to the markets); SIFMA Letter, supra note 9, at 2.

⁴¹ See ICI Letter, supra note 9, at 2.

In addition, one commenter references an analysis that it provided to Commission staff in support of a proposed rule change that the Commission approved. The commenter states that its analysis: (1) addressed the possibility, which was raised in an academic paper, that a municipal bond index or ETF comprised of less liquid bonds could be manipulated by strategic trading in a few illiquid components; and (2) concluded that this form of manipulation may be uneconomical and that it is unsupported in practice. See BlackRock Letter, supra note 9, at 3, text accompanying n.11.

⁴² In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

⁴³ 15 U.S.C. 78f(b)(5).

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 Commission also finds that the proposal to list and trade the Shares on the Exchange is consistent with Section 11A(a)(1)(C)(iii) of the Act,⁴⁴ which sets forth Congress' finding that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with respect to quotations for, and transactions in, securities. The current value of each index underlying the Municipal Bond Funds is widely disseminated by one or more major market data vendors at least once per day, as required by NYSE Arca Rule 5.2-E(j)(3), Commentary .02 (b)(ii). In addition, IIVs for the Shares are disseminated by one or more major market data vendors and is updated at least every 15 seconds during the Exchange's Core Trading Session, as required by NYSE Arca Rule 5.2-E(j)(3), Commentary .02(c). The Exchange represents that 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. Trade price and other information relating to municipal bonds are available through the Municipal Securities Rulemaking Board's EMMA system. The website for the Municipal Bond Funds will include the prospectus for the Funds and additional data relating to NAV and other applicable quantitative information.

The Commission believes that the proposal to list and trade the Shares is reasonably designed to promote fair disclosure of information that may be necessary to price the Shares appropriately and to prevent trading when a reasonable degree of transparency cannot be assured.

⁴⁴ 15 U.S.C. 78k-1(a)(1)(C)(iii).

Prior to the commencement of trading, the Exchange will inform its ETP Holders in an Information Bulletin of the special characteristics and risks associated with trading Shares of a Municipal Bond Fund. If the Exchange becomes aware that a Municipal Bond Fund's NAV is not being disseminated to all market participants at the same time, it will halt trading in those Shares until such time as the NAV is available to all market participants. If the IIV and index value are not being disseminated for a particular Municipal Bond Fund as required, the Exchange may halt trading during the day in which the interruption to the dissemination of the IIV or index value occurs; if the interruption to the dissemination of an IIV or index value persists past the trading day in which it occurred, the Exchange will halt trading. Trading in the Shares of a Municipal Bond Fund will be halted if the circuit breaker parameters in NYSE Arca Equities Rule 7.12-E have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in Shares inadvisable. Further, trading in the Shares will be subject to NYSE Arca Equities Rule 7.34-E, which sets forth circumstances under which trading in the Shares of a Municipal Bond Fund may be halted.⁴⁵ The Exchange states that trade price and other information relating to municipal bonds is available through the Municipal Securities Rulemaking Board's EMMA system.

Based on the Exchange's representations, the Commission believes that the indexes underlying the Municipal Bond Funds are sufficiently designed to deter potential manipulation. As of April 1, 2017:

- The S&P National AMT-Free Municipal Bond Index, which underlies the iShares National Muni Bond ETF, included 11,333 component fixed income municipal bond

⁴⁵ 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 a Municipal Bond Fund.

securities from issuers in 47 different states or U.S. territories. Additionally, (a) the most heavily weighted security in the index represented approximately 0.25% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented less than 1% of the total weight of the index, (b) the total dollar amount outstanding of issues in the index was approximately \$628,460,731,594, and (c) the average dollar amount outstanding of issues in the index was approximately \$55,454,048.

- The S&P Short Term National AMT-Free Municipal Bond Index, which underlies the iShares Short Term National Muni Bond ETF, included 3,309 component fixed income municipal bond securities from issuers in 44 different states or U.S. territories. Additionally, (a) the most heavily weighted security in the index represented approximately 1% 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% of the total weight of the index; (b) the total dollar amount outstanding of issues in the index was approximately \$166,147,941,156, and (c) the average dollar amount outstanding of issues in the index was approximately \$50,210,922.
- The Bloomberg Barclays AMT-Free Intermediate Continuous Municipal Index, which underlies the the VanEck Vectors AMT-Free Intermediate Municipal Index ETF, included 17,272 component fixed income municipal bond securities from issuers in 50 different states or U.S. territories. Additionally, (a) the most heavily weighted security in the index represented less than 0.25% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented approximately 0.50% of the total weight of the index, (b) the total dollar amount outstanding of issues in the index

was approximately \$340,102,539,050, and (c) the average dollar amount outstanding of issues in the index was approximately \$19,690,976.

- The Bloomberg Barclays AMT-Free Long Continuous Municipal Index, which underlies the VanEck Vectors AMT-Free Long Municipal Index ETF, included 7,657 component fixed income municipal bond securities from issuers in 50 different states or U.S. territories. Additionally, (a) the most heavily weighted security in the index represented less than 0.50% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented approximately 1.25% of the total weight of the index, (b) the total dollar amount outstanding of issues in the index was approximately \$279,575,285,082, and (c) the average dollar amount outstanding of issues in the index was approximately \$36,512,379.
- The Bloomberg Barclays AMT-Free Short Continuous Municipal Index, which underlies the VanEck Vectors AMT-Free Short Municipal Index ETF, included 7,229 component fixed income municipal bond securities from issuers in 48 different states or U.S. territories. Additionally, (a) the most heavily weighted security in the index represented approximately 1% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented approximately 2.25% of the total weight of the index, (b) the total dollar amount outstanding of issues in the index was approximately \$152,020,140,995, and (c) the average dollar amount outstanding of issues in the index was approximately \$21,026,299.
- The Bloomberg Barclays Municipal Custom High Yield Composite Index, which underlies the VanEck Vectors High-Yield Municipal Index ETF, included 4,702 component fixed income municipal bond securities from issuers in 50 different states or U.S. territories.

Additionally, the most heavily weighted security in the index represented approximately 1.25% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented approximately 6% of the total weight of the index, (b) the total dollar amount outstanding of issues in the index was approximately \$224,318,153,150, and (c) the average dollar amount outstanding of issues in the index was approximately \$47,706,966.

- The Bloomberg Barclays Municipal Pre-Refunded—Treasury-Escrowed Index, which underlies the VanEck Vectors Pre-Refunded Municipal Index ETF, included 3,691 component fixed income municipal bond securities from issuers in 50 different states or U.S. territories. Additionally, (a) the most heavily weighted security in the index represented approximately 0.50% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented approximately 2.25% of the total weight of the index, (b) the total dollar amount outstanding of issues in the index was approximately \$94,289,476,486, and (c) the average dollar amount outstanding of issues in the index was approximately \$25,545,780.
- The Bloomberg U.S. Municipal AMT-Free Weekly VRDO Index, which underlies the PowerShares VRDO Tax-Free Weekly Portfolio, included 1,494 component fixed income municipal bond securities from issuers in 49 different states or U.S. territories. Additionally, (a) the most heavily weighted security in the index represented approximately 0.75% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented approximately 2.75% of the total weight of the index, (b) the total dollar amount outstanding of issues in the index was approximately

\$68,489,564,000, and (c) the average dollar amount outstanding of issues in the index was approximately \$45,843,082.

- The Bloomberg Barclays Managed Money Municipal Short Term Index, which underlies the SPDR Nuveen Bloomberg Barclays Short Term Municipal Bond ETF, included 4,263 component fixed income municipal bond securities from issuers in 44 different states or U.S. territories. Additionally, (a) the most heavily weighted security in the index represented approximately 0.75% 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% of the total weight of the index, (b) the total dollar amount outstanding of issues in the index was approximately \$85,187,709,681, and (c) the average dollar amount outstanding of issues in the index was approximately \$19,983,042.
- The Bloomberg Barclays Municipal Managed Money Index, which underlies the SPDR Nuveen Bloomberg Barclays Municipal Bond ETF, included 22,247 component fixed income municipal bond securities from issuers in 48 different states or U.S. territories. Additionally, (a) the most heavily weighted security in the index represented less than 0.25% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented approximately 0.50% of the total weight of the index, (b) the total dollar amount outstanding of issues in the index was approximately \$496,240,108,998, and (c) the average dollar amount outstanding of issues in the index was approximately \$22,305,934.
- The S&P California AMT-Free Municipal Bond Index, which underlies the iShares California Muni Bond ETF, included 2,115 component fixed income municipal bond securities from more than 150 distinct municipal bond issuers in the State of California.

Additionally, (a) the most heavily weighted security in the index represented approximately 0.50% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented approximately 2.75% of the total weight of the index, (b) the total dollar amount outstanding of issues in the index was approximately \$137,796,471,640, and (c) the average dollar amount outstanding of issues in the index was approximately \$65,151,996.

- The S&P New York AMT-Free Municipal Bond Index, which underlies the iShares New York Muni Bond ETF, included 2,191 component fixed income municipal bond securities from more than 20 distinct municipal bond issuers in the State of New York. Additionally, (a) the most heavily weighted security in the index represented approximately 1.50% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented approximately 4.25% of the total weight of the index, (b) the total dollar amount outstanding of issues in the index was approximately \$124,381,556,872, and (c) the average dollar amount outstanding of issues in the index was approximately \$56,769,309.

With respect to trading the Shares, the Commission believes that the proposed continued listing requirements applicable to the Shares (discussed below) are also sufficiently designed to deter potential manipulation. The Exchange represents that, on a continuous basis, each index underlying a Municipal Bond Fund will contain at least 500 component securities. The Exchange states that the continued listing of the Shares will be subject to the requirements of NYSE Arca Rule 5.2-E(j)(3) – except for Commentary .02(a)(2) – and Rule 5.5-E(g)(2).

Additionally, the Exchange represents to the following on a continuous basis:

- At least 90% of the weight of the S&P National AMT-Free Municipal Bond Index, which underlies the iShares National Muni Bond ETF, will be comprised of securities that have a minimum part amount of \$25 million and were a constituent of an offering where the original offering amount was at least \$100 million.
- At least 90% of the weight of the S&P Short Term National AMT-Free Municipal Bond Index, which underlies the iShares Short Term National Muni Bond ETF, will be comprised of securities that have a minimum par amount of \$25 million and were a constituent of an offering where the original offering amount was at least \$100 million.
- At least 90% of the weight of the Bloomberg Barclays AMT-Free Intermediate Continuous Municipal Index, which underlies the VanEck Vectors AMT-Free Intermediate Municipal Index ETF, will be comprised of securities that that have an outstanding par value of at least \$7 million and were issued as part of a transaction of at least \$75 million.
- At least 90% of the weight of the Bloomberg Barclays AMT-Free Long Continuous Municipal Index, which underlies the VanEck Vectors AMT-Free Long Municipal Index ETF, will be comprised of securities that have an outstanding par value of at least \$7 million and were issued as part of a transaction of at least \$75 million.
- At least 90% of the weight of the Bloomberg Barclays AMT-Free Short Continuous Municipal Index, which underlies the VanEck Vectors AMT-Free Short Municipal Index ETF, will be comprised of securities that have an outstanding par value of at least \$7 million and were issued as part of a transaction of at least \$75 million.
- The Bloomberg Barclays Municipal Custom High Yield Composite Index, which underlies the VanEck Vectors High-Yield Municipal Index ETF, is comprised of three

total return, market size weighted benchmark indices with weights as follows: (i) 50% weight in Muni High Yield/\$100 Million Deal Size Index, (ii) 25% weight in Muni High Yield/Under \$100 Million Deal Size Index, and (iii) 25% weight in Muni Baa Rated/\$100 Million Deal Size Index. At least 90% of the weight of the Muni High Yield/\$100 Million Deal Size Index will be comprised of securities that have an outstanding par value of at least \$3 million and were issued as part of a transaction of at least \$100 million. At least 90% of the weight of the Muni High Yield/Under \$100 Million Deal Size Index will be comprised of securities that have an outstanding par value of at least \$3 million and were issued as part of a transaction of under \$100 million but over \$20 million. At least 90% of the weight of the Muni Baa Rated/\$100 Million Deal Size Index will be comprised of securities that have an outstanding par value of at least \$7 million and were issued as part of a transaction of at least \$100 million

- At least 90% of the weight of the Bloomberg Barclays Municipal Pre-Refunded—Treasury-Escrowed Index, which underlies the VanEck Vectors Pre-Refunded Municipal Index ETF, will be comprised of securities that have an outstanding par value of at least \$7 million and were issued as part of a transaction of at least \$75 million;.
- At least 90% of the weight of the Bloomberg U.S. Municipal AMT-Free Weekly VRDO Index, which underlies the the PowerShares VRDO Tax-Free Weekly Portfolio, will be comprised of securities that have a minimum amount outstanding of \$10 million.
- At least 90% of the weight of the Bloomberg Barclays Managed Money Municipal Short Term Index, which underlies the SPDR Nuveen Bloomberg Barclays Short Term Municipal Bond ETF, will be comprised of securities that have an outstanding par value of at least \$7 million and were issued as part of a transaction of at least \$75 million.

- At least 90% of the weight of the Bloomberg Barclays Municipal Managed Money Index, which underlies the SPDR Nuveen Bloomberg Barclays Municipal Bond ETF, will be comprised of securities that have an outstanding par value of at least \$7 million and were issued as part of a transaction of at least \$75 million.
- At least 90% of the weight of the S&P California AMT-Free Municipal Bond Index, which underlies the iShares California Muni Bond ETF, will be comprised of securities that have a minimum par amount of \$25 million and were a constituent of an offering where the original offering amount was at least \$100 million.
- At least 90% of the weight of the S&P New York AMT-Free Municipal Bond Index, which underlies the iShares New York Muni Bond ETF, will be comprised of securities that have a minimum par amount of \$25 million and were a constituent of an offering where the original offering amount was at least \$100 million.

The Exchange also represents that all statements and representations made in the proposed rule change regarding (a) the description of each Municipal Bond Fund's index, portfolio, or reference asset, (b) limitations on index or portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in the proposal constitute continued listing requirements for listing the Shares of each Municipal Bond Fund on the Exchange. The Exchange also states that the issuer of each Municipal Bond Fund is required to comply with Rule 10A-3 under the Act⁴⁶ for the initial and continued listing of the Shares. Further, the Exchange represents that the Shares will comply with all other requirements applicable to Investment Company Units including, but not limited to, requirements relating to the dissemination of key information such as the value of the underlying index and the applicable

⁴⁶ 17 CFR 240.10A-3.

IIV, rules governing the trading of equity securities, trading hours, trading halts, surveillance, information barriers,⁴⁷ and dissemination of an Information Bulletin to ETP Holders, as set forth in Exchange rules applicable to Investment Company Units and prior Commission orders approving the generic listing rules applicable to the listing and trading of Investment Company Units.

In support of this proposal, the Exchange has made representations, including the following:

- (1) That trading in the Shares will be subject to the existing trading surveillances administered by the Exchange, as well as cross-market surveillances administered by FINRA on behalf of the Exchange, which are designed to detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange. The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange.
- (2) That the Exchange, FINRA on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares with other markets that are members of ISG. In addition, the Exchange will communicate as needed regarding trading in the Shares with other markets that are members of the ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. FINRA also can access data obtained from the Municipal Securities Rulemaking Board

⁴⁷ See Commentary .02(b) to NYSE Arca Rule 5.2-E(j)(3) (requiring a broker-dealer or fund adviser maintaining an underlying index to erect and maintain a firewall around certain personnel).

relating to municipal bond trading activity for surveillance purposes in connection with trading in the Shares.

- (3) That each issuer of the Municipal Bond Funds is required to advise the Exchange of any failure by its Municipal Bond Fund to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will monitor for compliance with the continued listing requirements. If a Municipal Bond Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under NYSE Arca Rule 5.5-E(m).⁴⁸
- (4) That all statements and representations made in this proposal regarding (a) the description of each Municipal Bond Fund's index, portfolio, or reference asset, (b) limitations on index or portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in the proposed rule change shall constitute continued listing requirements for listing the Shares of each Municipal Bond Fund on the Exchange.

This approval order is based on the Exchange's description of each of the Municipal Bond Funds, and the Exchange's representations, including those set forth above and in Amendment No. 3.

⁴⁸ The Commission notes that certain other proposals include a representation that the exchange will "surveil" for compliance with the continued listing requirements. See, e.g., Securities Exchange Act Release No. 78005 (June 7, 2016), 81 FR 38247 (June 13, 2016) (SR-BATS-2015-100). In the context of this representation, it is the Commission's view that "monitor" and "surveil" both mean ongoing oversight of a fund's compliance with the continued listing requirements. Therefore, the Commission does not view "monitor" as a more or less stringent obligation than "surveil" with respect to the continued listing requirements.

For the foregoing reasons, the Commission finds that the proposed rule change, as modified by Amendment No. 3 thereto, is consistent with Section 6(b)(5) of the Act⁴⁹ and the rules and regulations thereunder applicable to a national securities exchange.

V. Solicitation of Comments on Amendment No. 3

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether Amendment No. 3 to the proposed rule change are 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 Number SR-NYSEArca-2017-56 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 Number SR-NYSEArca-2017-56. 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

⁴⁹ 15 U.S.C. 78f(b)(5).

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 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEArca-2017-56 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

VI. Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 3

The Commission believes that Amendment No. 3 furthers the goals of the proposed rule change and does not raise any novel regulatory issue. In particular, by Amendment No. 3, the Exchange expanded the continued listing criteria applicable to the Municipal Bond Funds.⁵⁰ Such changes assisted the Commission in determining that the proposed rule change is consistent with Section 6(b)(5) of the Act, which requires that the rules of a national securities exchange be designed to, among other things, prevent fraudulent and manipulative acts and practices. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act,⁵¹ to approve the proposed rule change, as modified by Amendment No. 3, on an accelerated basis.

⁵⁰ See supra note 11.

⁵¹ 15 U.S.C. 78s(b)(2).

VII. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,⁵² that the proposed rule change (SR-NYSEArca-2017-56), as modified by Amendment No. 3, be, and hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁵³

Robert W. Errett
Deputy Secretary

⁵² Id.

⁵³ 17 CFR 200.30-3(a)(12).