

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-84966; File No. SR-CboeBZX-2018-089)

December 26, 2018

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to List and Trade Shares of the VanEck Vectors AMT-Free Intermediate Municipal Index ETF, VanEck Vectors AMT-Free Long Municipal Index ETF, VanEck Vectors AMT-Free Short Municipal Index ETF, VanEck Vectors High-Yield Municipal Index ETF, and VanEck Vectors Pre-Refunded Municipal Index ETF, each a Series of the VanEck Vectors ETF Trust, Under Rule 14.11(c)(4) (Index Fund Shares)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 18, 2018, Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to list and trade Shares of the following series of the Trust, that do not otherwise meet the standards set forth under BZX Rule 14.11(c)(4)(B)(i)(b), under BZX Rule 14.11(c)(4),⁵ which governs the listing and trading of index fund shares based on fixed income securities indices: VanEck Vectors AMT-Free Intermediate Municipal Index ETF;

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

⁵ The Commission approved BZX Rule 14.11(c) in Securities Exchange Act Release No. 65225 (August 30, 2011), 76 FR 55148 (September 6, 2011) (SR-BATS-2011-018).

VanEck Vectors AMT-Free Long Municipal Index ETF; VanEck Vectors AMT-Free Short Municipal Index ETF; VanEck Vectors High-Yield Municipal Index ETF and VanEck Vectors Pre-Refunded Municipal Index ETF (each a “Fund” and, collectively, the “Funds”).⁶

The text of the proposed rule change is available on the Exchange’s website (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange’s Office of the Secretary, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to list and trade Shares of the following series of the Trust, that do not otherwise meet the standards set forth under BZX Rule 14.11(c)(4)(B)(i)(b), under BZX

⁶ The Exchange notes that the Commission previously approved a proposal to list and trade the Shares on Arca. See Securities Exchange Act Release No. 82295 (December 12, 2017), 82 FR 60056 (December 18, 2017) (SR–NYSEArca–2017–56) (the “Prior Proposal”). This proposal is substantively identical to the Prior Proposal as it relates to the Funds and the Shares and the issuer represents that all material representations contained within the Prior Proposal remain true. As further described below, the Exchange believes that its surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws. Trading of the Shares through the Exchange will be subject to the Exchange’s surveillance procedures for derivative products, including Index Fund Shares.

Rule 14.11(c)(4),⁷ which governs the listing and trading of index fund shares based on fixed income securities indices: VanEck Vectors AMT-Free Intermediate Municipal Index ETF; VanEck Vectors AMT-Free Long Municipal Index ETF; VanEck Vectors AMT-Free Short Municipal Index ETF; VanEck Vectors High-Yield Municipal Index ETF and VanEck Vectors Pre-Refunded Municipal Index ETF (each a “Fund” and, collectively, the “Funds”).⁸

The Exchange notes that the Shares are currently listed on Arca and the Shares are already trading on the Exchange pursuant to unlisted trading privileges, as provided in Rule 14.11(j).

The Shares are offered by the Trust, which was established as a Delaware statutory trust on March 15, 2001. The Trust is registered with the Commission as an open-end investment company and has filed a registration statement on behalf of the Funds on Form N-1A (“Registration Statement”) with the Commission.⁹ All statements and representations made in

⁷ The Commission approved BZX Rule 14.11(c) in Securities Exchange Act Release No. 65225 (August 30, 2011), 76 FR 55148 (September 6, 2011) (SR-BATS-2011-018).

⁸ The Exchange notes that the Commission previously approved a proposal to list and trade the Shares on Arca. See Securities Exchange Act Release No. 82295 (December 12, 2017), 82 FR 60056 (December 18, 2017) (SR-NYSEArca-2017-56) (the “Prior Proposal”). This proposal is substantively identical to the Prior Proposal as it relates to the Funds and the Shares and the issuer represents that all material representations contained within the Prior Proposal remain true. As further described below, the Exchange believes that its surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws. Trading of the Shares through the Exchange will be subject to the Exchange’s surveillance procedures for derivative products, including Index Fund Shares.

⁹ See Registration Statement on Form N-1A for the Trust, dated September 1, 2018 (File Nos. 333-123257 and 811-10325). The descriptions of the Funds and the Shares contained herein are based, in part, on information in the Registration Statement. The Commission has issued an order granting certain exemptive relief to the Trust under the Investment Company Act of 1940 (15 U.S.C. 80a-1) (“1940 Act”) (the “Exemptive Order”). See Investment Company Act Release No. 28021 (October 24, 2007) (File No. 812-13426).

this filing regarding (a) the description of each Fund's index, portfolio, or reference asset, (b) limitations on index or portfolio holdings or reference assets, or (c) the applicability of Exchange rules and surveillance procedures shall constitute continued listing requirements for listing the Shares on the Exchange.

Description of the Shares and the Funds

Van Eck Associates Corporation is the investment adviser ("Adviser") to the Funds.¹⁰ The Adviser also serves as the administrator for the Funds (the "Administrator"). The Bank of New York Mellon serves as the custodian ("Custodian") and transfer agent ("Transfer Agent") for the Funds. Van Eck Securities Corporation (the "Distributor") is the distributor of the Shares. Barclays Inc. is the index provider ("Index Provider").

VanEck Vectors AMT-Free Intermediate Municipal Index ETF

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.

¹⁰ An investment adviser to an open-end fund is required to be registered under the Investment Advisers Act of 1940 (the "Advisers Act"). As a result, the Adviser and its related personnel are subject to the provisions of Rule 204A-1 under the Advisers Act relating to codes of ethics. This Rule requires investment advisers to adopt a code of ethics that reflects the fiduciary nature of the relationship to clients as well as compliance with all applicable securities laws. Accordingly, procedures designed to prevent the communication and misuse of non-public information by an investment adviser must be consistent with Rule 204A-1 under the Advisers Act. In addition, Rule 206(4)-7 under the Advisers Act makes it unlawful for an investment adviser to provide investment advice to clients unless such investment adviser has (i) adopted and implemented written policies and procedures reasonably designed to prevent violation, by the investment adviser and its supervised persons, of the Advisers Act and the Commission rules adopted thereunder; (ii) implemented, at a minimum, an annual review regarding the adequacy of the policies and procedures established pursuant to subparagraph (i) above and the effectiveness of their implementation; and (iii) designated an individual (who is a supervised person) responsible for administering the policies and procedures adopted under subparagraph (i) above.

The 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 November 30, 2018, the Bloomberg Barclays AMT-Free Intermediate Continuous Municipal Index included 17,860 component fixed income municipal bond securities from issuers in 53 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 0.77% of the total weight of the index. Approximately 9.71% 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 \$355,526,745,016 and the average dollar amount outstanding of issues in the index was approximately \$19,906,313.

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.

Index Overview

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.

VanEck Vectors AMT-Free Long Municipal Index ETF

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 November 30, 2018, the Bloomberg Barclays AMT-Free Long Continuous Municipal Index included 8,152 component fixed income municipal bond securities from issuers in 52 different states or U.S. territories. The most heavily weighted security in the index represented 0.27% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented approximately 1.24% of the total weight of

the index. Approximately 13.96% 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 \$291,429,759,251 and the average dollar amount outstanding of issues in the index was approximately \$3,574,949,480.

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.

Index Overview

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.

VanEck Vectors AMT-Free Short Municipal Index ETF

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 November 30, 2018, the Bloomberg Barclays AMT-Free Short Continuous Municipal Index included 7,482 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 .47% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented approximately 2.14% of the total weight of the index. Approximately 17.16% 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 \$167,594,060,156 and the average dollar amount outstanding of issues in the index was approximately \$22,399,634.

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.

Index Overview

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.

VanEck Vectors High-Yield Municipal Index ETF

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 November 30, 2018, the Bloomberg Barclays Municipal Custom High Yield Composite Index included 6,557 component fixed income municipal bond securities from issuers in 56 different states or U.S. territories. The most heavily weighted security in the index represented approximately 1.14% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented approximately 4.03% of the total weight of the index. Approximately 22.52% 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 \$308,369,566,945 and the average dollar amount outstanding of issues in the index was approximately \$47,029,063.

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.

Index Overview

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.

VanEck Vectors Pre-Refunded Municipal Index ETF

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 November 30 2018, the Bloomberg Barclays Municipal Pre-Refunded Treasury-Escrowed Index included 3,076 component fixed income municipal bond securities from issuers in 45 different states or U.S. territories. The most heavily weighted security in the index represented approximately 0.54% of the total weight of the index and the aggregate weight of the top five most heavily weighted securities in the index represented approximately 2.27% of the total weight of the index. Approximately 10.46% 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 \$77,017,953,117 and the average dollar amount outstanding of issues in the index was approximately \$25,038,346.

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.

Index Overview

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.

Based on the characteristics of each index as described above, the Exchange believes it is appropriate to facilitate the listing and trading of the Funds. Each index underlying the Funds satisfies all of the generic listing requirements for the Funds based on a fixed income index, except for the minimum principal amount outstanding requirement of BZX Rule 14.11(c)(4)(B)(i)(b). 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 discussed above, the Exchange believes that each index underlying the Funds is sufficiently broad-based to deter potential manipulation. Each index underlying the Funds currently includes, on average, more than 10,012 component securities. Whereas the generic listing rules require that an index contain securities from a minimum of 13 non-affiliated issuers,¹¹ each index underlying the Funds currently includes securities issued by municipal entities in at least 45 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,¹² no single security currently represents more than approximately 1.5% of the weight of any index underlying the Funds. Similarly, the aggregate weight of the five most heavily weighted securities in each index does not exceed approximately 5%. The Exchange believes that this significant diversification and the lack of concentration among constituent securities provides a strong degree of protection against index manipulation.

On a continuous basis, each index underlying a Fund will (i) contain at least 500 component securities and (ii) comply with the parameters described under the heading “*Index Overview*” contained in the description of its related Fund set forth above.¹³ In addition, the

¹¹ See BZX Rule 14.11(c)(4)(B)(i)(e).

¹² See BZX Rule 14.11(c)(4)(B)(i)(d).

¹³ The Commission has previously approved a proposed rule change relating to the listing and trading on the Exchange of a series of Funds based on a municipal bond index that did not satisfy BZX Rule 14.11(c)(4)(B)(i)(b) provided that such municipal bond index contained at least 500 component securities on a continuous basis. See Securities Exchange Act Release No. 78329 (July 14, 2016), 81 FR 47217 (July 20, 2016) (SR-BatsBZX-2016-01) (order approving proposed rule change relating to the listing and trading of Shares of the Following Series of VanEck Vectors ETF Trust: VanEck Vectors

Exchange represents that: (1) except for BZX Rule 14.11(c)(4)(B)(i)(b), each index currently satisfies all of the generic listing standards under BZX Rule 14.11(c)(4); (2) the continued listing standards under BZX Rule 14.11(c) applicable to index fund shares shall apply to the Shares of each Fund; and (3) the issuer of each Fund is required to comply with Rule 10A-3¹⁴ under the Act for the initial and continued listing of the shares of each Fund. In addition, the Exchange represents that the Shares of the Funds will comply with all other requirements applicable to index fund shares including, but not limited to, requirements relating to the dissemination of key information such as the value of the Indices and the Intraday Indicative Value, rules governing the trading of equity securities, trading hours, trading halts, surveillance, and the information circular, as set forth in Exchange rules applicable to index fund shares and the orders approving such rules.

The current value for each index underlying the Funds is widely disseminated by one or more major market data vendors at least once per day. The IIV for shares of each Fund is disseminated by one or more major market data vendors, updated at least every 15 seconds during the Exchange's Regular Trading Hours¹⁵. In addition, the portfolio of securities held by each Fund is disclosed daily on each Fund's website. Further, the website for each 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 the issuer that the applicable NAV per share will be calculated daily will be made available to all

AMT-Free 6–8 Year Municipal Index ETF; VanEck Vectors AMT-Free 8–12 Year Municipal Index ETF; and VanEck Vectors AMT-Free 12–17 Year Municipal Index ETF).

¹⁴ 17 CFR 240.10A-3.

¹⁵ Regular Trading Hours are 9:30 a.m. to 4:00 p.m. Eastern Time.

market participants at the same time. None of the indices underlying the Funds is maintained by a broker-dealer.

Further, the Exchange's existing rules require that the Funds notify the Exchange of any material change to the methodology used to determine the composition of the index. Therefore, if the methodology of an index underlying the 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.

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.

Availability of Information

Each Fund's website is publicly available and includes a form of the prospectus for the Funds that may be downloaded. The website will include additional quantitative information updated on a daily basis, including, for the Fund: (1) the prior business day's reported NAV, daily trading volume, and a calculation of the premium and discount of the Bid/Ask Price against the NAV; and (2) data in chart format displaying the frequency distribution of discounts and premiums of the daily Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters. Daily trading volume information for the Funds will also be available in the financial section of newspapers, through subscription services such as

Bloomberg, Thomson Reuters, and International Data Corporation, which can be accessed by authorized participants and other investors, as well as through other electronic services, including major public websites. On each business day, before commencement of trading in Shares during Regular Trading Hours on the Exchange, each Fund will disclose on its website the identities and quantities of the portfolio of securities and other assets in the daily disclosed portfolio held by the Funds that formed the basis for each Fund's calculation of NAV at the end of the previous business day. The daily disclosed portfolio will include, as applicable: the ticker symbol; CUSIP number or other identifier, if any; a description of the holding (including the type of holding, such as the type of swap); the identity of the security, index or other asset or instrument underlying the holding, if any; for options, the option strike price; quantity held (as measured by, for example, par value, notional value or number of shares, contracts, or units); maturity date, if any; coupon rate, if any; effective date, if any; market value of the holding; and the percentage weighting of the holding in each Fund's portfolio. The website and information will be publicly available at no charge. The value, components, and percentage weightings of each of the Indices will be calculated and disseminated at least once daily and will be available from major market data vendors. Rules governing the Indices are available on Barclays' website and in each respective Fund's prospectus.

In addition, for each Fund, an estimated value, defined in BZX Rule 14.11(c)(6)(A) as the "Intraday Indicative Value," that reflects an estimated intraday value of each Fund's portfolio, will be disseminated. Moreover, the Intraday Indicative Value will be based upon the current value for the components of the daily disclosed portfolio and will be updated and widely disseminated by one or more major market data vendors at least every 15 seconds during the

Exchange's Regular Trading Hours. In addition, the quotations of certain of each Fund's holdings may not be updated during U.S. trading hours if updated prices cannot be ascertained.

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

Quotation and last sale information for the Shares of each Fund will be available via the CTA high speed line. Trade price and other information relating to municipal bonds is available through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system. For exchange-traded assets, including investment companies, futures, warrants, and options, such intraday information is available directly from the applicable listing exchange.

Initial and Continued Listing

The Shares of each Fund will conform to the initial and continued listing criteria under BZX Rule 14.11(c)(4), except for those set forth in 14.11(c)(4)(B)(i)(b). The Exchange represents that, for initial and/or continued listing, the Funds and the Trust must be in compliance with Rule 10A-3 under the Act.¹⁶ A minimum of 100,000 Shares of each Fund will be outstanding at the commencement of trading on the Exchange. The Exchange will obtain a representation from the issuer of the Shares that the NAV per Share for each Fund will be calculated daily and will be made available to all market participants at the same time.

Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Funds. The Exchange will halt

¹⁶ See 17 CFR 240.10A-3.

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

Trading Rules

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

Surveillance

The Exchange believes that its surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws. Trading of the Shares through the Exchange will be subject to the Exchange's surveillance procedures for derivative products, including Index Fund Shares. The issuer has represented to the Exchange that it will advise the Exchange of any failure by a Fund to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Exchange Act, the Exchange will

surveil for compliance with the continued listing requirements. If a Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures for the Fund under Exchange Rule 14.12. The Exchange may obtain information regarding trading in the Shares via the ISG, from other exchanges that are members or affiliates of the ISG, or with which the Exchange has entered into a comprehensive surveillance sharing agreement.¹⁷ In addition, the Exchange is able to access, as needed, trade information for certain fixed income instruments reported to FINRA's Trade Reporting and Compliance Engine ("TRACE"). FINRA also can access data obtained from the EMMA system relating to municipal bond trading activity for surveillance purposes in connection with trading in the Shares. In addition, the Exchange may obtain information regarding trading in the Shares and the underlying shares in exchange-traded investment companies, futures, options, and warrants from markets or other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. The Exchange prohibits the distribution of material non-public information by its employees.

Information Circular

Prior to the commencement of trading, the Exchange will inform its members in an Information Circular of the special characteristics and risks associated with trading the Shares. Specifically, the Information Circular will discuss the following: (1) the procedures for purchases and redemptions of Shares in Creation Units (and that Shares are not individually redeemable); (2) BZX Rule 3.7, which imposes suitability obligations on Exchange members with respect to recommending transactions in the Shares to customers; (3) how information

¹⁷ For a list of the current members of ISG, see www.isgportal.org. The Exchange notes that not all components of the disclosed portfolio for the Funds may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

regarding the Intraday Indicative Value is disseminated; (4) the risks involved in trading the Shares during the Pre-Opening¹⁸ and After Hours Trading Sessions¹⁹ when an updated Intraday Indicative Value will not be calculated or publicly disseminated; (5) the requirement that members deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (6) trading information.

In addition, the Information Circular will advise members, prior to the commencement of trading, of the prospectus delivery requirements applicable to the Funds. Members purchasing Shares from the Funds for resale to investors will deliver a prospectus to such investors. The Information Circular will also discuss any exemptive, no-action, and interpretive relief granted by the Commission from any rules under the Act.

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

2. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act²⁰ in general and Section 6(b)(5) of the Act²¹ in particular in that it is designed to prevent fraudulent

¹⁸ The Pre-Opening Session is from 8:00 a.m. to 9:30 a.m. Eastern Time.

¹⁹ The After Hours Trading Session is from 4:00 p.m. to 5:00 p.m. Eastern Time.

²⁰ 15 U.S.C. 78f.

²¹ 15 U.S.C. 78f(b)(5).

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 a national market system and, in general, to protect investors and the public interest because, in addition to the reasons laid out above, the Commission has previously approved the Shares to list and trade on Arca and this proposal is substantively identical to the Prior Proposal as it relates to the Funds and the Shares and all material representations contained within the Prior Proposal remain true.

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

warrants from markets or other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

As discussed above, the Exchange believes that each index underlying the Funds is sufficiently broad-based to deter potential manipulation. Each index underlying the Funds currently includes, on average, more than 10,012 component securities. Whereas the generic listing rules require that an index contain securities from a minimum of 13 non-affiliated issuers,²² each index underlying the Funds currently includes securities issued by municipal entities in at least 45 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,²³ no single security currently represents more than approximately 1.5% of the weight of any index underlying the Funds. Similarly, the aggregate weight of the five most heavily weighted securities in each index does not exceed approximately 5%.

On a continuous basis, each index underlying a 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 Fund set forth above.

The value, components, and percentage weightings of each of the Indices will be calculated and disseminated at least once daily and will be available from major market data vendors. In addition, the portfolio of securities held by the Funds will be disclosed on the Funds’ website at www.vaneck.com/etfs. The intraday indicative value for Shares of the Funds will be disseminated by one or more major market data vendors, updated at least every 15 seconds

²² See BZX Rule 14.11(c)(4)(B)(i)(e).

²³ See BZX Rule 14.11(c)(4)(B)(i)(d).

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

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that a large amount of information will be publicly available regarding the Funds and the Shares, thereby promoting market transparency. The Funds' portfolio holdings will be disclosed on the Funds' website daily after the close of trading on the Exchange and prior to the opening of trading on the Exchange the following day. Moreover, the IIV will be widely disseminated by one or more major market data vendors at least every 15 seconds during Regular Trading Hours. The current value of each of the Indices will be disseminated by one or more major market data vendors at least once per day. Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services, and quotation and last sale information will be available via the CTA high-speed line. The website for the Funds will include the prospectus for the Funds and additional data relating to NAV and other applicable quantitative information. If the Exchange becomes aware that the NAV is not being disseminated to all market participants at the same time, it will halt trading in the Shares until such time as the NAV is available to all market participants. With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Funds. Trading also may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in

the Shares inadvisable. These may include: (1) the extent to which trading is not occurring in the securities and/or the financial instruments composing the daily disclosed portfolio of each Fund; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. Trading in the Shares also will be subject to Rule 14.11(c)(1)(B)(iv), which sets forth circumstances under which Shares of a Fund may be halted. If the IIV of any of the Funds or value of the Indices are not being disseminated as required, the Exchange may halt trading during the day in which the interruption to the dissemination of the IIV or index value occurs.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of additional types of exchange-traded funds that holds municipal bonds and that will enhance competition among market participants, to the benefit of investors and the marketplace. As noted above, the Exchange has in place surveillance procedures relating to trading in the Shares and may obtain information in the Shares and the underlying shares in exchange-traded investment companies, futures, options, and warrants via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement. In addition, investors will have ready access to information regarding the IIV and quotation and last sale information for the Shares.

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

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Act. The

Exchange notes that the proposed rule change, rather will facilitate the transfer from Arca and listing of additional exchange-traded products on the Exchange, which will enhance competition among listing venues, to the benefit of issuers, investors, and the marketplace more broadly.

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

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

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the proposed rule change does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act²⁴ and subparagraph (f)(6) of Rule 19b-4 thereunder.²⁵

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act²⁶ normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)²⁷ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative upon filing. The Exchange states that waiver of the 30-day operative delay would allow the Funds to transfer

²⁴ 15 U.S.C. 78s(b)(3)(A).

²⁵ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

²⁶ 17 CFR 240.19b-4(f)(6).

²⁷ 17 CFR 240.19b-4(f)(6)(iii).

listing to the Exchange as soon as is practicable and minimize the amount of time that the Funds' listing venue will be in transition. Additionally, the Exchange states that waiver will allow the Funds to be listed on the Exchange in December 2018, which will allow the Funds to have lower listing fees on a going forward basis, and to avoid paying Arca's listing fees for 2019, which will be applied at the beginning of January 2019. For these reasons, the Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the operative delay and designates the proposed rule change operative upon filing.²⁸

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or

²⁸ For purposes only of waiving the 30-day operative delay, the Commission also has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CboeBZX-2018-089 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-CboeBZX-2018-089. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 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-CboeBZX-2018-089 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁹

Eduardo A. Aleman
Deputy Secretary

²⁹ 17 CFR 200.30-3(a)(12).

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