

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-84945; File No. SR-CboeBZX-2018-094)

December 21, 2018

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

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 20, 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 under BZX Rule 14.11(c)(4) shares of the VanEck Vectors Short High-Yield Municipal Index ETF (the “Fund”) of the VanEck Vectors ETF Trust (the “Trust”), which is currently listed on NYSE Arca, Inc. (“Arca”). The shares of the Fund are referred to herein as the “Shares.”

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).

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 the Shares⁵ on the Exchange. The Exchange is submitting this proposed rule change because the Index, as defined below, for the Fund does not

⁵ The Exchange notes that the Commission previously approved a proposal to list and trade shares of the Fund on Arca. See Securities Exchange Act Release Nos. 71232 (January 3, 2014), 79 FR 1662 (January 9, 2014) (SR-NYSEArca-2013-118) (Notice of Filing of Amendment No. 2 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified By Amendments Nos. 1 and 2, To List and Trade Shares of the Market Vectors Short High-Yield Municipal Index ETF Under NYSE Arca Equities Rule 5.2(j)(3), Commentary .02) and 76645 (December 15, 2015), 80 FR 79392 (December 21, 2015) (SR-NYSEArca-2015-74) (Order Approving a Proposed Rule Change Regarding a Change to the Underlying Index of the Market Vectors Short High Yield Municipal Index ETF) (collectively, the "Prior Proposal"). This proposal is substantively identical to the Prior Proposal 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.

meet all of the “generic” listing requirements of BZX Rule 14.11(c)(4)⁶ applicable to the listing of Index Fund Shares based on fixed income securities indexes. The Index meets all requirements of Rule 14.11(c)(4) except for BZX Rule 14.11(c)(4)(B)(i)(b)⁷ and will continue to meet all other requirements of Rule 14.11(c)(4) on an ongoing basis.⁸ The Exchange notes that the Fund is 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 [sic] on Form N-1A (“Registration Statement”) with the Commission.⁹ All statements and representations made in this filing regarding (a) the description of the Fund’s index, portfolio, or reference asset, (b) limitations on index or portfolio holdings or reference

⁶ 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). Subsequent amendments to Rule 14.11(c) include amendments approved by the Commission in Securities Exchange Act Release Nos. 80169 (March 7, 2017), 82 FR 13536 (March 13, 2017) (SR-BatsBZX-2016-80) and 81070 (June 30, 2017), 82 FR 31650 (July 7, 2017) (SR-BatsBZX-2017-26).

⁷ BZX Rule 14.11(c)(4)(B)(i)(b) provides that Fixed Income Security components that in the aggregate account for at least 75% of the Fixed Income Securities portion of the weight of the index or portfolio must have a minimum original principal amount outstanding of \$100 million or more.

⁸ The Exchange notes that this includes all requirements applicable under Rule 14.11(c)(4)(B)(i), including Rule 14.11(c)(4)(B)(i)(d) which provides that no fixed-income security (excluding Treasury Securities) will represent more than 30% of the Fixed Income Securities portion of the weight of the index or portfolio, and the five highest weighted component fixed-income securities do not in the aggregate account for more than 65% of the Fixed Income Securities portion of the weight of the index or portfolio.

⁹ See Registration Statement on Form N-1A for the Trust, dated September 1, 2018 [sic] (File Nos. 333-123257 and 811-10325). The descriptions of the Funds [sic] 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”). See Investment Company Act Release No. 28021 (October 24, 2007) (File No. 812-13426).

assets, or (c) the applicability of Exchange rules and surveillance procedures shall constitute continued listing requirements for listing the Shares on the Exchange. The issuer has represented to the Exchange that it will advise the Exchange of any failure by the Fund or the Shares to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will surveil for compliance with the continued listing requirements.

Van Eck Associates Corporation is the investment adviser (“Adviser”) for the Fund. Van Eck Securities Corporation is the Fund's distributor (“Distributor”). Van Eck Associates Corporation also is the administrator for the Fund (the “Administrator”), and is responsible for certain clerical, recordkeeping and/or bookkeeping services. The Bank of New York Mellon is the custodian of the Fund's assets and provides transfer agency and fund accounting services to the Fund.

The investment objective of the Fund is to seek to replicate as closely as possible, before fees and expenses, the price and yield performance of the Bloomberg Barclays Municipal High Yield Short Duration Index (the “Short High Yield Index” or “Index”). Under Normal Market Conditions,¹⁰ the Fund will invest at least 80% of its total assets in securities that compose the Index.

The Fund, using a “passive” or indexing investment approach, will attempt to approximate the investment performance of the Index. The Adviser expects that, over time, the correlation between the Fund's performance before fees and expenses and that of the Index will

¹⁰ As defined in Rule 14.11(i)(3)(E), the term “Normal Market Conditions” includes, but is not limited to, the absence of trading halts in the applicable financial markets generally; operational issues causing dissemination of inaccurate market information or system failures; or force majeure type events such as natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption, or any similar intervening circumstance.

be 95% or better. A figure of 100% would indicate perfect correlation. Because of the practical difficulties and expense of purchasing all of the securities in the Index, the Fund will not purchase all of the securities in the Index. Instead, the Adviser will utilize a “sampling” methodology in seeking to achieve the Fund's objective. As such, the Fund may purchase a subset of the bonds in the Index in an effort to hold a portfolio of bonds with generally the same risk and return characteristics of the Index.

Other Investments

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

The Fund may invest its remaining assets in municipal bonds not included in the Short High Yield Index, money market instruments, including repurchase agreements or other funds which invest exclusively in money market instruments, convertible securities,¹¹ structured notes (notes on which the amount of principal repayment and interest payments are based on the movement of one or more specified factors, such as the movement of a particular stock or stock index),¹² and certain other derivative instruments that are mentioned below. The Fund may also invest, to the extent permitted by the 1940 Act, in other affiliated and unaffiliated funds, such as

¹¹ A convertible security is a bond, debenture, note, preferred stock, right, warrant or other security that may be converted into or exchanged for a prescribed amount of common stock or other security of the same or a different issuer or into cash within a particular period of time at a specified price or formula.

¹² Structured notes are derivative securities for which the amount of principal repayment and/or interest payments is based on the movement of one or more factors, including, but not limited to, currency exchange rates, interest rates (such as the prime lending rate or LIBOR), referenced bonds and stock indices.

open-end or closed-end management investment companies, including other exchange-traded funds (“ETFs”).¹³

The Fund may invest in repurchase agreements with commercial banks, brokers or dealers to generate income from its excess cash balances and to invest securities lending cash collateral.

The Fund may use exchange-traded futures contracts and exchange-traded or over-the-counter (“OTC”) options thereon, together with positions in cash and money market instruments, to simulate full investment in the Index.

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

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

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

¹³ For purposes of this filing, ETFs include index fund shares (as described in BZX Rule 14.11(c)); Portfolio Depositary Receipts (as described in BZX Rule 14.11(b)); and Managed Fund Shares (as described in BZX Rule 14.11(i)). The ETFs all will be listed and traded in the U.S. on registered exchanges. The Fund may invest in the securities of ETFs registered under the 1940 Act consistent with the requirements of Section 12(d)(1) of the 1940 Act, or any rule, regulation or order of the Commission or interpretation thereof. While the Fund may invest in inverse ETFs, the Fund will not invest in leveraged (e.g., 2X, -2X, 3X or -3X) ETFs.

The Fund will only enter into transactions in derivative instruments with counterparties that the Adviser reasonably believes are capable of performing under the contract and will post as collateral as required by the counterparty.¹⁴

The Fund may hold up to an aggregate amount of 15% of its net assets in illiquid assets (calculated at the time of investment), including Rule 144A securities deemed illiquid by the Adviser, in accordance with Commission guidance.¹⁵ The Fund will monitor its portfolio liquidity on an ongoing basis to determine whether, in light of current circumstances, an adequate level of liquidity is being maintained, and will consider taking appropriate steps in order to maintain adequate liquidity if, through a change in values, net assets, or other circumstances, more than 15% of the Fund's net assets are held in illiquid assets. Illiquid assets include securities subject to contractual or other restrictions on resale and other instruments that lack readily available markets as determined in accordance with Commission staff guidance.¹⁶

¹⁴ The Fund will seek, where possible, to use counterparties, as applicable, whose financial status is such that the risk of default is reduced; however, the risk of losses resulting from default is still possible. The Adviser will evaluate the creditworthiness of counterparties on a regular basis. In addition to information provided by credit agencies, the Adviser will review approved counterparties using various factors, which may include the counterparty's reputation, the Adviser's past experience with the counterparty and the price/market actions of debt of the counterparty.

¹⁵ In reaching liquidity decisions, the Adviser may consider the following factors: The frequency of trades and quotes for the security; the number of dealers wishing to purchase or sell the security and the number of other potential purchasers; dealer undertakings to make a market in the security; and the nature of the security and the nature of the marketplace in which it trades (e.g., the time needed to dispose of the security, the method of soliciting offers, and the mechanics of transfer).

¹⁶ The Commission has stated that long-standing Commission guidelines have required open-end funds to hold no more than 15% of their net assets in illiquid securities and other illiquid assets. See Investment Company Act Release No. 28193 (March 11, 2008), 73 FR 14618 (March 18, 2008), footnote 34. See also, Investment Company Act Release No. 5847 (October 21, 1969), 35 FR 19989 (December 31, 1970) (Statement Regarding "Restricted Securities"); Investment Company Act Release No. 18612 (March 12, 1992), 57 FR 9828 (March 20, 1992) (Revisions of Guidelines to Form N-1A). A fund's portfolio security is illiquid if it cannot be disposed of in the ordinary course of business

Description of the Index

The Index is a market size weighted index composed of publicly traded municipal bonds that cover the U.S. dollar denominated high yield short-term tax-exempt bond market. The majority of the Index's constituents are from the revenue sector, with some constituents being from the general obligation sector. The revenue sector is divided into industry sectors that consist of, but may not be limited to, electric, health care, transportation, education, water and sewer, resource recovery, leasing and special tax. As [sic] November 30, 2018, the Index consisted of approximately 10,050 bonds and 958 unique issuers.¹⁷

The Index is calculated using a market value weighting methodology. Index constituents are capitalization-weighted, based on their current amount outstanding. The Index will include at least 500 constituents on a continuous basis. The Index tracks the high yield municipal bond market with a 65% weight in non-investment grade municipal bonds, a 25% weight in Baa/BBB-rated investment grade municipal bonds and a 10% weight in Aa/AA-rated investment grade municipal bonds. It is comprised of four total return, market size weighted benchmark indexes with weights as follows:

within seven days at approximately the value ascribed to it by the fund. See Investment Company Act Release No. 14983 (March 12, 1986), 51 FR 9773 (March 21, 1986) (adopting amendments to Rule 2a-7 under the 1940 Act); Investment Company Act Release No. 17452 (April 23, 1990), 55 FR 17933 (April 30, 1990) (adopting Rule 144A under the 1933 Act).

¹⁷ The Index is published by Bloomberg Index Services Limited. (“Index Provider”). The Index Provider is not a registered broker-dealer and is not affiliated with a broker-dealer. In the event that the Index Provider becomes a broker-dealer or becomes affiliated with a broker-dealer, the Index Provider will implement and maintain a fire wall with respect to its relevant personnel regarding access to information concerning the composition and/or changes to the Index. In addition, the Index Provider has implemented and will maintain procedures around the relevant personnel that are designed to prevent the use and dissemination of material, non-public information regarding the Index.

- 40% weight in Muni High Yield/\$100 Million Deal Size Index. To be included in the Muni High Yield/\$100 Million Deal Size Index, bonds must be unrated or rated Ba1/BB+ or lower by at least two of the following rating agencies if all three rate the bond: Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's, Inc. ("S&P") and Fitch, Inc. ("Fitch"). If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. If only one of the three agencies rates a security, the rating must be Ba1/BB+ or lower. Bonds in the Muni High Yield/\$100 Million Deal Size Index must have an outstanding par value of at least \$3 million and be issued as part of a transaction of at least \$100 million.
- 25% weight in Muni High Yield/Under \$100 Million Deal Size Index. To be included in the Muni High Yield/Under \$100 Million Deal Size Index, bonds must be unrated or rated Ba1/BB+ or lower by at least two of the following rating agencies if all three rate the bond: Moody's, S&P and Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. If only one of the three agencies rates a security, the rating must be Ba1/BB+ or lower. Bonds in the Muni High Yield/Under \$100 Million Deal Size Index must have an outstanding par value of at least \$3 million and be issued as part of a transaction of under \$100 million but over \$20 million.
- 25% weight in Muni Baa-Rated/\$100 Million Deal Size Index. To be included in the Muni Baa-Rated/\$100 Million Deal Size Index, bonds must have a Barclays Index credit quality classification between Baa1/BBB+ and Baa3/BBB-. Barclays Index credit quality classification is based on the three rating agencies, Moody's, S&P and Fitch. If two of the three agencies rate the bond equivalently, then that rating is used. If all three rate the bond differently, the middle rating is used. If only two of the three agencies rate the

security, the lower rating is used to determine index eligibility. If only one of the three agencies rates a security, the rating must be Baa1/BBB+, Baa2/BBB, or Baa3/BBB-. The bonds must have an outstanding par value of at least \$7 million and be issued as part of a transaction of at least \$100 million.

- 10% weight in Muni A-Rated Index. To be included in the Muni A-Rated Index, bonds must have a Barclays Index credit quality classification between A1/A+ and A3/A-. The Barclays Index credit quality classification is based on the three rating agencies, Moody's, S&P and Fitch. If two of the three agencies rate the bond equivalently, then that rating is used. If all three rate the bond differently, the middle rating is used. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. If only one of the three agencies rates a security, the rating must be A1/A+, A2/A, or A3/A-. The bonds must have an outstanding par value of at least \$7 million and be issued as part of a transaction of at least \$75 million.

Remarketed issues are not allowed in the benchmark. All bonds must have a fixed rate, a dated-date after December 31, 1990 and a nominal maturity of 1 to 12 years. Taxable municipal bonds, bonds with floating rates and derivatives are excluded from the Index.

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

Total returns are calculated based on the sum of price changes, gain/loss on repayments of principal, and coupons received or accrued, expressed as a percentage of beginning market value. The Index is calculated and is available once a day.

As noted above, the Exchange is submitting this proposed rule change because the Index for the Fund does not meet BZX Rule 14.11(c)(4)(B)(i)(b)¹⁸ applicable to the listing of Index Fund Shares based on fixed income securities indexes. The Index meets and will continue to meet on an ongoing basis all other requirements of Rule 14.11(c)(4). Specifically, as of November 30, 2018, 27.35% of the weight of the Index components have a minimum original principal amount outstanding of \$100 million or more.

As of November 30, 2018, 74.52% of the weight of the Index components was composed of individual maturities that were part of an entire municipal bond offering with a minimum original principal amount outstanding of \$100 million or more for all maturities of the offering. In addition, the total dollar amount outstanding of issues in the Index was approximately \$240,994,112,111 and the average dollar amount outstanding of issues in the Index was approximately \$23,979,514. Further, the most heavily weighted component represents 1.96% of the weight of the Index and the five most heavily weighted components represent 7.36% of the weight of the Index. Therefore, the Exchange believes that, notwithstanding that the Index does not satisfy the criterion in BZX Rule 14.11(c)(4)(B)(i)(b), the Index is sufficiently broad-based to deter potential manipulation, given that it is composed of approximately 10,050 issues and 958 unique issuers. In addition, the Index securities are sufficiently liquid to deter potential manipulation in that a substantial portion (74.52%) of the Index weight is composed of

¹⁸ BZX Rule 14.11(c)(4)(B)(i)(b) provides that components that in the aggregate account for at least 75% of the weight of the index or portfolio each shall have a minimum original principal amount outstanding of \$100 million or more.

maturities that were part of an entire municipal bond offering with a minimum original principal amount outstanding of \$100 million or more, and in view of the substantial total dollar amount outstanding and the average dollar amount outstanding of Index issues, as referenced above.

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

The Exchange represents that: (1) Except for BZX Rule 14.11(c)(4)(B)(i)(b), the Shares of the Fund currently satisfy all of the generic listing standards under BZX Rule 14.11(c)(4); (2) the continued listing standards under BZX Rule 14.11(c) applicable to index fund shares shall apply to the Shares of the Fund; and (3) the Trust is required to comply with Rule 10A-3¹⁹ under the Act for the initial and continued listing of the Shares. In addition, the Exchange represents that the Shares of the Fund will comply with all other requirements applicable to index fund shares including, but not limited to, requirements relating to the dissemination of key information such as the value of the Index and the IIV (as defined below), 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 the index underlying the Fund is widely disseminated by one or more major market data vendors at least once per day. The IIV for Shares of the Fund is disseminated by one or more major market data vendors, updated at least every 15 seconds

¹⁹ 17 CFR 240.10A-3.

during the Exchange's Regular Trading Hours.²⁰ In addition, the portfolio of securities held by the Fund is disclosed daily on the Fund website (www.vaneck.com). Further, the website for the 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 Fund issuer that the NAV per share will be calculated daily and will be made available to all market participants at the same time.

Creation and redemption of Shares

According to the Registration Statement, the Fund will issue and sell Shares only in "Creation Units" of 100,000 Shares or multiples thereof on a continuous basis through the Distributor, without an initial sales load, at their NAV next determined after receipt, on any business day, of an order in proper form.

The consideration for a purchase of Creation Units generally will consist of cash, in-kind, or a combination of cash and in-kind. The in-kind purchase of Creation Units will consist of the deposit of a designated portfolio of fixed income securities (the "Deposit Securities") that compose the Index and an amount of cash computed as described below (the "Cash Component") or, as permitted or required by the Fund, of the cash value of the Deposit Securities (the "Deposit Cash") and the Cash Component computed as described below. When accepting purchases of Creation Units for cash, the Fund may incur additional costs associated with the acquisition of Deposit Securities.

The Cash Component together with the Deposit Securities or the Deposit Cash, as applicable, are referred to as the "Fund Deposit," which represents the minimum initial and subsequent investment amount for Shares. The specified Deposit Securities generally will

²⁰ Regular Trading Hours are 9:30 a.m. to 4:00 p.m. Eastern Time.

correspond, pro rata, to the extent practicable, to the component securities of the Fund's portfolio. The Cash Component represents the difference between the NAV of a Creation Unit and the market value of Deposit Securities and may include a "Dividend Equivalent Payment". The Dividend Equivalent Payment will enable the Fund to make a complete distribution of dividends on the next dividend payment date, and is an amount equal, on a per Creation Unit basis, to the dividends on all the securities held by the Fund ("Fund Securities") with ex-dividend dates within the accumulation period for such distribution (the "Accumulation Period"), net of expenses and liabilities for such period, as if all of the Fund Securities had been held by the Trust for the entire Accumulation Period. The Accumulation Period begins on the ex-dividend date for the Fund and ends on the next ex-dividend date.

The Trust may determine to issue Shares on an all cash basis (i.e., in exchange for the Deposit Cash and the Cash Component) if the Trust and the Adviser believe such method would substantially minimize the Fund's transactional costs or would enhance the Fund's operational efficiencies. This may occur on days when a substantial rebalancing of the Fund's portfolio is required.

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

announced Deposit Securities composition or the required amount of Deposit Cash, as applicable, is made available.

In addition to the list of names and numbers of securities constituting the current Deposit Securities of a Fund Deposit, the Administrator, through the NSCC, also will make available on each business day, the Dividend Equivalent Payment, if any, and the estimated Cash Component effective through and including the previous business day, per outstanding Shares of the Fund.

All orders to create Creation Units must be placed in multiples of 100,000 Shares of the Fund. All orders to create Creation Units must be received by the Distributor no later than the closing time of the close of Regular Trading Hours (“Closing Time”, ordinarily 4:00 p.m. Eastern time) on the date such order is placed in order for creation of Creation Units to be effected based on the NAV of the Fund as determined on such date.

Shares may be redeemed only in Creation Units at their NAV next determined after receipt of a redemption request in proper form by the Distributor, only on a business day and only through a “Participating Party” or Depository Trust Company (“DTC”) Participant who has executed a “Participant Agreement”, as described in the Registration Statement. The Trust will not redeem Shares in amounts less than Creation Units.

The Administrator, through NSCC, will make available immediately prior to the opening of business on the Exchange (currently 9:30 a.m. Eastern time) on each day that the Exchange is open for business, the Fund Securities that will be delivered to satisfy (subject to possible amendment or correction) redemption requests received in proper form (as defined below) on that day. The Fund Securities generally will correspond, pro rata, to the extent practicable, to the component securities of the Fund's portfolio. If the Trust determines, based on information available to the Trust when a redemption request is submitted by an Authorized Participant, that

(i) the short interest of the Fund in the marketplace is greater than or equal to 100% and (ii) redemption orders in the aggregate from all Authorized Participants on a business day represent 25% or more of the outstanding Shares of the Fund, such Authorized Participant will be required to verify to the Trust the accuracy of its representations that are deemed to have been made by submitting a request for redemption. If, after receiving notice of the verification requirement, the Authorized Participant does not verify the accuracy of its representations that are deemed to have been made by submitting a request for redemption in accordance with this requirement, its redemption request will be considered not to have been received in proper form.

Unless cash redemptions are permitted or required for the Fund, the redemption proceeds for a Creation Unit generally will consist of Fund Securities as announced by the Administrator on the business day of the request for redemption, plus cash in an amount equal to the difference between the NAV of the Shares being redeemed, as next determined after a receipt of a request in proper form, and the value of the Fund Securities, less the redemption transaction fee and variable fees described below. An Authorized Participant may receive the cash equivalent of one or more Fund Securities because it was restricted from transacting in one or more Fund Securities. Should the Fund Securities have a value greater than the NAV of the Shares being redeemed, a compensating cash payment to the Trust equal to the differential plus the applicable redemption transaction fee will be required to be arranged for by or on behalf of the redeeming shareholder. The Fund reserves the right to honor a redemption request by delivering a basket of securities or cash that differs from the Fund Securities.

Orders to redeem Creation Units of the Fund must be delivered through a DTC Participant that has executed the Participant Agreement with the Distributor and with the Trust. A DTC Participant who wishes to place an order for redemption of Creation Units of the Fund to

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

A standard creation and redemption transaction fee will be imposed to offset transfer and other transaction costs that may be incurred by the Fund.

All persons creating and redeeming Shares during a business day will be treated in the same manner with respect to payment of proceeds in-kind, in cash, or in a combination thereof.

Detailed descriptions of the Fund, the Index, procedures for creating and redeeming Shares, transaction fees and expenses, dividends, distributions, taxes, risks, and reports to be distributed to beneficial owners of the Shares can be found in the Registration Statement or on the Web site for the Fund (www.vaneck.com), as applicable.

Availability of Information

The Fund website, www.vaneck.com, is publicly available and includes a form of the prospectus for the Fund that may be downloaded. The website will include additional quantitative information updated on a daily basis, including, for the Fund: (1) the prior business day’s reported NAV, daily trading volume, the closing market price or the midpoint of the

bid/ask spread at the time of calculation of such NAV (the “Bid/Ask Price”),²¹ and a calculation of the premium and discount of the closing market price or Bid/Ask Price against the NAV; and (2) data in chart format displaying the frequency distribution of discounts and premiums of the daily closing market price or Bid/Ask Price against the NAV, within appropriate ranges, for each of the four previous calendar quarters. Daily trading volume information for the Fund will also be available in the financial section of newspapers, through subscription services such as Bloomberg, Thomson Reuters, and International Data Corporation, which can be accessed by authorized participants and other investors, as well as through other electronic services, including major public websites. On each business day, before commencement of trading in Shares during Regular Trading Hours on the Exchange, the Fund will disclose on its website, www.vaneck.com, the identities and quantities of the portfolio of securities and other assets in the daily disclosed portfolio held by the Fund that formed the basis for the Fund 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 the Fund’s portfolio. The website and information will be publicly available at no charge. The value, components, and percentage weightings of the Index will be calculated and disseminated at least once daily and will be

²¹ The Bid/Ask Price of each [sic] Fund will be determined using the midpoint of the highest bid and the lowest offer on the Exchange as of the time of calculation of the Fund’s NAV. The records relating to Bid/Ask Prices will be retained by the Funds [sic] and their service providers.

available from major market data vendors. Rules governing the Index are available on Barclays' website, <https://indices.barclays>, and the Fund prospectus.

In addition, an estimated value, defined in BZX Rule 14.11(c)(6)(A) as the "Intraday Indicative Value," (the "IIV") that reflects an estimated intraday value of the Fund portfolio, will be disseminated. Moreover, the IIV 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 the Fund holdings may not be updated during U.S. trading hours if updated prices cannot be ascertained.

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

Quotation and last sale information for the Shares of the Fund will be available via the CTA high speed line.

Initial and Continued Listing

The Shares of the Fund will conform to the initial and continued listing criteria under BZX Rule 14.11(c)(4), except for those set forth in 14.11(c)(4)(B)(i)(b). The Exchange represents that, for initial and/or continued listing, the Fund and the Trust must be in compliance with Rule 10A-3 under the Act.²² A minimum of 100,000 Shares of the Fund will be outstanding at the commencement of trading on the Exchange. The Exchange will obtain a representation from the issuer of the Shares that the NAV per Share of the Fund will be calculated daily and will be made available to all market participants at the same time.

²² See 17 CFR 240.10A-3.

Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Fund. The Exchange will halt trading in the Shares under the conditions specified in BZX Rule 11.18. Trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) the extent to which trading is not occurring in the securities and/or the financial instruments composing the index of the Fund; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present.

Trading Rules

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

Surveillance

The Exchange believes that its surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws. Trading of the Shares through the Exchange will be subject to the Exchange's surveillance procedures for derivative products, including Index Fund Shares. The issuer has represented to the Exchange that it will

advise the Exchange of any failure by the Fund to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Exchange Act, the Exchange will surveil for compliance with the continued listing requirements. If the Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures for the Fund under Exchange Rule 14.12. The Exchange or the Financial Industry Regulatory Authority (“FINRA”), on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares and the underlying shares in exchange-traded investment companies, futures, options, and warrants with other markets or other entities that are members of the Intermarket Surveillance Group (“ISG”)²³ or with which the Exchange has in place a comprehensive surveillance sharing agreement, 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 the Fund reported to FINRA’s Trade Reporting and Compliance Engine (“TRACE”). 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

²³ For a list of the current members of ISG, see www.isgportal.org.

with respect to recommending transactions in the Shares to customers; (3) how information regarding the IIV is disseminated; (4) the risks involved in trading the Shares during the Pre-Opening²⁴ and After Hours Trading Sessions²⁵ when an updated IIV 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 Fund. Members purchasing Shares from the Fund for resale to investors will deliver a prospectus to such investors. The Information Circular will also discuss any exemptive, no-action, and interpretive relief granted by the Commission from any rules under the Act.

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

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)²⁶ 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

²⁴ The Pre-Opening Session is from 8:00 a.m. to 9:30 a.m. Eastern Time.

²⁵ The After Hours Trading Session is from 4:00 p.m. to 5:00 p.m. Eastern Time.

²⁶ 15 U.S.C. 78f(b)(5).

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 Fund and the Shares and all material representations contained within the Prior Proposal remain true.

The Exchange believes that its surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws. Trading of the Shares through the Exchange will be subject to the Exchange's surveillance procedures for derivative products, including Index Fund Shares. The issuer has represented to the Exchange that it will advise the Exchange of any failure by the Fund to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Exchange Act, the Exchange will surveil for compliance with the continued listing requirements. If the Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures for the Fund under Exchange Rule 14.12. FINRA conducts certain cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under the regulatory services agreement.

The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares and the underlying shares in exchange-traded investment companies, futures, options, and warrants with other markets or other entities that are members of the ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement, 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 the Fund reported to TRACE. The Exchange prohibits the distribution of material non-public information by its employees. The Index Provider is not a registered broker-dealer and is not affiliated with a broker-dealer. In the event that the Index Provider becomes a broker-dealer or becomes affiliated with a broker-dealer, the Index Provider will implement and maintain a fire wall with respect to its relevant personnel regarding access to information concerning the composition and/or changes to the Index. In addition, the Index Provider has implemented and will maintain procedures around the relevant personnel that are designed to prevent the use and dissemination of material, non-public information regarding the Index.

As of November 30, 2018, there were approximately 10,050 issues in the Index. The Index meets all such requirements except for those set forth in BZX Rule 14.11(c)(4)(B)(i)(b). Specifically, as of November 30, 2018, 27.35% of the weight of the Index components have a minimum original principal amount outstanding of \$100 million or more.

As of November 30, 2018, 74.52% of the weight of the Index components was composed of individual maturities that were part of an entire municipal bond offering with a minimum original principal amount outstanding of \$100 million or more for all maturities of the offering. In addition, the total dollar amount outstanding of issues in the Index was approximately \$240,994,112,111 and the average dollar amount outstanding of issues in the Index was approximately \$23,979,514. Further, the most heavily weighted component represents 1.96% of the weight of the Index and the five most heavily weighted components represent 7.36% of the weight of the Index. Therefore, the Exchange believes that, notwithstanding that the Index does not satisfy the criterion in 14.11(c)(4)(B)(i)(b), the Index is sufficiently broad-based to deter

potential manipulation, given that it is composed of approximately 10,050 issues. In addition, the Index securities are sufficiently liquid to deter potential manipulation in that a substantial portion (74.52%) of the Index weight is composed of maturities that were part of an entire municipal bond offering with a minimum original principal amount outstanding of \$100 million or more, and in view of the substantial total dollar amount outstanding and the average dollar amount outstanding of Index issues, as referenced above. The Index value, calculated and disseminated at least once daily, as well as the components of the Index and their respective percentage weightings, will be available from major market data vendors. In addition, the portfolio of securities held by the Fund will be disclosed on the Fund's Web site. The IIV for Shares of the Fund will be disseminated by one or more major market data vendors, updated at least every 15 seconds during Regular Trading Hours, [sic] According to the Registration Statements[sic], The Adviser represents that bonds that share similar characteristics tend to trade similarly to one another; therefore, within these categories, the issues may be considered fungible from a portfolio management perspective. Within a single municipal bond issuer, the Adviser represents that separate issues by the same issuer are also likely to trade similarly to one another. In addition, the Adviser represents that individual CUSIPs within the Index that share characteristics with other CUSIPs have a high yield to maturity correlation, and frequently have a correlation of one or close to one.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest. In addition, a large amount of information is publicly available regarding the Fund and the Shares, thereby promoting market transparency. The Fund's portfolio holdings will be disclosed on the Fund's Web site daily after the close of trading on the Exchange and prior to the opening of trading on the Exchange the following day.

Moreover, the IIV will be widely disseminated by one or more major market data vendors at least every 15 seconds during Regular Trading Hours. The current value of the Index will be disseminated by one or more major market data vendors at least once per day. Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services, and quotation and last sale information will be available via the CTA high-speed line. The Web site for the Fund will include the prospectus for the Fund and additional data relating to NAV and other applicable quantitative information. Moreover, prior to the commencement of trading, the Exchange will inform its Members in an Information Circular of the special characteristics and risks associated with trading the Shares. If the Exchange becomes aware that the NAV is not being disseminated to all market participants at the same time, it will halt trading in the Shares until such time as the NAV is available to all market participants. With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Fund. Trading also may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. If the IIV or the Index values are not being disseminated as required, the Corporation [sic] may halt trading during the day in which the interruption to the dissemination of the applicable IIV or Index value occurs. If the interruption to the dissemination of the applicable IIV or Index value persists past the trading day in which it occurred, the Corporation [sic] will halt trading. Trading in Shares of the Fund will be halted if the circuit breaker parameters in BZX Rule 11.18 have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable, and trading in the Shares will be subject to Rule 14.11(c)(1)(B)(iv), which sets forth circumstances under which Shares of the Fund may be halted. In addition,

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

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of an additional type of exchange-traded product 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 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.

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 foregoing 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)(iii) of the Act²⁷ and subparagraph (f)(6) of Rule 19b-4 thereunder.²⁸

A proposed rule change filed under Rule 19b-4(f)(6)²⁹ normally does not become operative prior to 30 days after the date of the filing. However, Rule 19b-4(f)(6)(iii)³⁰ 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 immediately upon filing. The Exchange states that such waiver will allow the Fund to transfer listing to the Exchange as soon as is practicable, and will minimize the amount of time that the Fund listing venue will be in transition. Additionally, the Exchange states that waiver will allow the Fund to be listed on the Exchange in December 2018, which will allow the Fund 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,

²⁷ 15 U.S.C. 78s(b)(3)(A)(iii).

²⁸ 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 the 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.

²⁹ 17 CFR 240.19b-4(f)(6).

³⁰ 17 CFR 240.19b-4(f)(6)(iii).

the Commission hereby waives the operative delay and designates the proposed rule change as operative upon filing.³¹

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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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 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
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CboeBZX-2018-094 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.

³¹ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

All submissions should refer to File Number SR-CboeBZX-2018-094. 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-2018-094 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.³²

Brent J. Fields
Secretary

³² 17 CFR 200.30-3(a)(12).