



## Information Circular: Barclays Bank PLC

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**To:** Head Traders, Technical Contacts, Compliance Officers, Heads of ETF Trading, Structured Products Traders

**From:** NASDAQ / BX / PHLX Listing Qualifications Department

**Date:** July 12, 2011

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### Exchange-Traded Notes

**Symbol**    **CUSIP #**

iPath US Treasury 5-year Bear ETN

DFVS    06740P643

### Information on the Notes

Barclays Bank PLC (the "Issuer") has issued iPath Exchange Traded Notes ("ETNs" or "Notes") linked to the inverse performance of the Barclays Capital 5Y US Treasury Futures Targeted Exposure Index (the "Index"). The Notes were priced at \$50. The ETNs do not pay any interest during their term and do not guarantee any return of principal at maturity or upon redemption.

The return on the ETNs is inversely linked to the performance of the Index. The Index seeks to produce returns that track movements in response to an increase or decrease, as applicable, in the yields available to investors purchasing 5-year U.S. Treasury notes ("5-year Treasury notes"). Specifically, the level of the Index is designed to decrease in response to an increase in 5-year Treasury note yields and to increase in response to a decrease in 5-year Treasury note yields. To accomplish this objective, the performance of the Index tracks the returns of a notional investment in a weighted "long" position in relation to 5-year Treasury futures contracts, as traded on the Chicago Board of Trade (the "CBOT"). The Index targets a fixed level of sensitivity to changes in the yield of the current "cheapest-to-deliver" note ("CTD note") underlying the relevant 5-year Treasury futures contract (the "5-year yield") at a given point in time. The Index seeks to achieve its target sensitivity through the allocation of a weighting to the relevant 5-year Treasury futures contract underlying the Index (the "5-year weighting").

The 5-year weighting is rebalanced on a monthly basis according to the prevailing price of the relevant 5-year Treasury futures contract underlying the Index at the time the weighting is allocated, and the modified duration of the current CTD note underlying the relevant 5-year Treasury futures contract at such time. This monthly rebalancing process seeks to enable the Index to maintain approximately its target level of sensitivity to changes in the 5-year yield throughout the term of the ETNs. Specifically, the 5-year weighting is designed to produce, but is not guaranteed to deliver, a 1.00 point decrease in the level of the Index for every 0.01% increase in the 5-year yield, and a 1.00 point increase in the level of the Index for every 0.01% decrease in the 5-year yield.

Every quarter, the Index maintains its position in relation to the 5-year Treasury futures contracts by rolling from the 5-year Treasury futures contract closest to expiration (the "front Treasury futures contract") into the next 5-year Treasury futures contract scheduled to expire immediately following the front Treasury futures contract.

This strategy of obtaining exposure to U.S. Treasury yields through an investment linked to Treasury futures contracts is premised on the historical pattern of Treasury futures contracts generally increasing or decreasing in price as a result of a proportional decrease or increase, respectively, in the prevailing yield of the then current CTD note underlying the relevant Treasury futures contract. Specifically, we expect that an increase in the 5-year yield will generally correspond with a proportional decrease in the price of the relevant 5-year Treasury futures contract underlying the Index and, therefore, result in a decrease in the Index level. Conversely, we expect that a decrease in the 5-year yield will correspond with a proportional increase in the price of the relevant 5-year Treasury futures contract underlying the Index and, therefore, result in an increase in the Index level. In addition, the Index uses modified duration (as described further herein) to calculate the relative weight of the relevant 5-year Treasury futures contract underlying the Index because modified duration provides a general indication of the relationship between the price and the yield of a particular U.S. Treasury note.

If an investor holds his ETNs to maturity, he will receive a cash payment per ETN equal to the closing indicative note value of the ETNs on the final valuation date for his ETNs.

The closing indicative note value for each ETN on the inception date will equal \$50. On each subsequent calendar day until maturity or redemption, the closing indicative note value for each ETN will equal (1) the closing indicative note value on the immediately preceding calendar day plus (2) the daily index performance amount plus (3) the daily interest minus (4) the daily investor fee; provided that if such calculation results in a negative value, the closing indicative note value will be \$0. If the ETNs undergo a split or reverse split, the closing indicative note value will be adjusted accordingly.

The daily index performance amount for each ETN on the initial valuation date and on any calendar day that is not an index business day will equal \$0. On any other index business day, the daily index performance amount for each ETN will equal (1) the product of (a) the index multiplier times (b) the difference of (i) the closing level of the Index on such index business day minus (ii) the closing level of the index on the immediately preceding index business day minus (2) the index rolling cost on such index business day.

The index multiplier is set at a negative value (-\$0.10) in order for the ETNs to generate a positive return in response to a decrease in the Index level and to generate a negative return in response to an increase in the Index level, as applicable.

On any calendar day that is not a roll day, the index rolling cost for each ETN will equal \$0. On any roll day, the index rolling cost for each ETN will equal \$0.005. Roll days occur over three consecutive index business days, commencing three index business days before the last index business day in each of the months of February, May, August and November in any given year. The net effect of the index rolling cost accumulates over time and is subtracted at the rate of \$0.06 per year, or 0.12% of the principal amount of your ETNs per year.

The daily interest for each ETN on the initial valuation date will equal \$0. On each subsequent calendar day until maturity or redemption, the daily interest for each ETN will

equal (1) the closing indicative note value on the immediately preceding calendar day times (2) the T-Bill rate divided by (3) 360.

The T-Bill rate will equal the most recent weekly investment rate for 28-day U.S. Treasury bills effective on the immediately preceding business day in New York City. The weekly investment rate for 28-day U.S. Treasury bills is generally announced by the U.S. Treasury on each Monday; on any Monday that is not a business day in New York City, the rate prevailing on the immediately preceding business day in New York City will apply. The most recent weekly investment rate for 28-day U.S. Treasury bills is published by the U.S. Treasury on <http://www.treasurydirect.gov> and is also available on Bloomberg under the ticker symbol "USB4WIR". The T-Bill rate is expressed as a percentage.

The daily investor fee for each ETN on the initial valuation date will equal \$0. On each subsequent calendar day until maturity or redemption, the daily investor fee for each ETN will equal (1) the closing indicative note value on the immediately preceding calendar day times (2) the fee rate divided by (3) 365. Because the daily investor fee is calculated and subtracted from the closing indicative note value on a daily basis, the net effect of the daily investor fee accumulates over time and is subtracted at the rate of 0.75% per year.

The fee rate for the ETNs is 0.75%.

Please see the prospectus for the Notes for more details regarding the calculations and details regarding the Index.

It is expected that the market value of the Notes will depend substantially on the value of the Index and may be affected by a number of other interrelated factors including, among other things: the general level of interest rates, the volatility of the Index, the time remaining to maturity, the dividend yield of the stocks comprising the Index, and the credit ratings of the Issuer.

Trading in the Notes on NASDAQ is on a UTP basis and is subject to NASDAQ equity trading rules. Trading in the Notes on BX is on a UTP basis and is subject to BX equity trading rules. Trading in the Notes on PHLX's PSX system is on a UTP basis and is subject to PHLX rules. The Notes will trade on NASDAQ from 7:00 a.m. until 8:00 p.m. Eastern Time. The Notes will trade on BX from 8:00 a.m. until 7:00 p.m. Eastern Time. The Notes will trade on PSX from 9:00 a.m. until 5:00 p.m. Eastern Time. For trading during each market's pre-market and post-market sessions, market participants should note that additional risks may exist with respect to trading the Notes during these sessions, when the underlying index's value or similar value may not be disseminated.

NASDAQ will halt trading in the Notes in accordance with NASDAQ Rule 4120. BX will halt trading in the Notes in accordance with BX Equity Rule 4120. PHLX will halt trading in the Notes in accordance with PHLX Rule 3100. The grounds for a halt under each of these rules include a halt by the primary market because the value of the underlying index or a similar value is not being disseminated as required, or a halt for other regulatory reasons. In addition, NASDAQ, BX and PHLX will also stop trading the Notes if the primary market delists the Notes.

Trading of the Notes on NASDAQ is subject to the provisions of NASDAQ Rule 2310. Trading of the Notes on BX is subject to the provisions of BX Rule 2310. Members recommending transactions in the Notes to customers should make a determination that the securities are suitable for the customer. In addition, members must possess sufficient information to

satisfy the “know your customer” obligation that is embedded in the NASDAQ Conduct Rules and BX Conduct Rules.

Members and member organizations recommending transactions in the Notes to customers should make a determination that the recommendation is suitable for the customer, as provided by PHLX Rule 763.

Nasdaq members, BX members and PHLX members and member organizations should also review NASD Notice to Members 03-71 for guidance on trading these products. The Notice reminds members of their obligations to: (1) conduct adequate due diligence to understand the features of the product; (2) perform a reasonable-basis suitability analysis; (3) perform customer-specific suitability analysis in connection with any recommended transactions; (4) provide a balanced disclosure of both the risks and rewards associated with the particular product, especially when selling to retail investors; (5) implement appropriate internal controls; and (6) train registered persons regarding the features, risk and suitability of these products.

**This Information Circular is not a statutory prospectus. NASDAQ members, BX members and PHLX members and member organizations should consult the registration statement or prospectus for the Notes for additional information.**

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Inquiries regarding this Information Circular should be directed to:

- Will Slattery, Listing Qualifications, at 301.978.8088
- NASDAQ / BX/ PSX Market Sales at 800.846.0477