



Information Circular: FocusShares

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

From: NASDAQ / BX / PHLX Listing Qualifications Department

Date: March 30, 2011

Exchange-Traded Fund	Symbol	CUSIP #
Focus Morningstar US Market Index ETF	FMU	34416W502
Focus Morningstar Large Cap Index ETF	FLG	34416W601
Focus Morningstar Mid Cap Index ETF	FMM	34416W700
Focus Morningstar Small Cap Index ETF	FOS	34416W809
Focus Morningstar Basic Materials Index ETF	FBM	34416W882
Focus Morningstar Communication Services Index ETF	FCQ	34416W874
Focus Morningstar Consumer Cyclical Index ETF	FCL	34416W866
Focus Morningstar Consumer Defensive Index ETF	FCD	34416W858
Focus Morningstar Energy Index ETF	FEG	34416W841
Focus Morningstar Financial Services Index ETF	FFL	34416W833
Focus Morningstar Health Care Index ETF	FHC	34416W825
Focus Morningstar Industrials Index ETF	FIL	34416W817
Focus Morningstar Real Estate Index ETF	FRL	34416W791
Focus Morningstar Technology Index ETF	FTQ	34416W783
Focus Morningstar Utilities Index ETF	FUI	34416W775

Background Information on the Funds

The FocusShares Trust (the "Trust") is a management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). The Trust consists of several exchange-traded funds (each, a "Fund" and collectively, the "Funds"). This circular refers only to the Funds listed above. The shares of each of the Funds listed above are referred to herein as "Shares." FocusShares, LLC (the "Advisor") is the investment advisor for the Funds.

The Focus Morningstar US Market Index ETF (FMU) seeks to provide investment results that correspond, before fees and expenses, generally to the price and yield performance of the Morningstar US Market Index (the "US Index"). The US Index measures the performance of United States ("US"), publicly traded companies as determined by Morningstar, Inc.'s ("Morningstar") proprietary index methodology.

The US Index measures the performance of 1,528 stocks issued by large-, mid-, and small-capitalization companies that are domiciled or principally traded in the US. The Morningstar index methodology defines the "US Market" as those stocks that form the

top 97% of the market capitalization of the stocks eligible to be included in the Underlying Index. As of February 23, 2011, the Underlying Index, which is considered diversified, was comprised of component securities with market capitalizations greater than \$312.83 million that have a daily average traded volume of at least 421,724 over the past three months. The total market capitalization of the US Index as of February 23, 2011 was in excess of \$14.87 trillion.

The Focus Morningstar Large Cap Index ETF (FLG) seeks to provide investment results that correspond, before fees and expenses, generally to the price and yield performance of the Morningstar Large Cap Index (the "Large Cap Index"). The Large Cap Index measures the performance of stocks issued by large-capitalization companies as determined by Morningstar's proprietary index methodology.

The Large Cap Index measures the performance of stocks issued by large-capitalization companies that are domiciled or principally traded in the United States, as determined by Morningstar's proprietary index methodology that meet specific criteria developed by Morningstar, and is determined on the basis of capital value of component securities that are publicly held, which typifies a "float adjusted" capitalization index. The Morningstar index methodology defines "large-capitalization" stocks as those stocks that form the top 70% of the market capitalization of the stocks eligible to be included in the Morningstar US Market Index (a diversified broad market index that represents approximately 97% of the market capitalization of publicly-traded US stocks). As of February 23, 2011, the Large Cap Index, which is considered diversified, was comprised of 259 component securities with market capitalizations greater than \$8.65 billion that have a daily average traded volume of at least 47.31 million over the past three months. The total market capitalization of the Large Cap Index as of February 23, 2011 was in excess of \$10.67 trillion.

The Focus Morningstar Mid Cap Index ETF (FMM) seeks to provide investment results that correspond, before fees and expenses, generally to the price and yield performance of the Morningstar Mid Cap Index (the "Mid Cap Index"). The Mid Cap Index measures the performance of stocks issued by middle-capitalization companies as determined by Morningstar's proprietary index methodology.

The Mid Cap Index measures the performance of stocks issued by middle-capitalization companies that are domiciled or principally traded in the United States, as determined by Morningstar's proprietary index methodology that meet specific criteria developed by Morningstar, and is determined on the basis of capital value of component securities that are publicly held, which typifies a "float adjusted" capitalization index. The Morningstar index methodology defines "middle-capitalization" stocks as those stocks between the bottom 70th and 90th percentile of the market capitalization of the stocks eligible to be included in the Morningstar US Market Index (a diversified broad market index that represents approximately 97% of the market capitalization of publicly-traded US stocks). As of February 23, 2011, the Mid Cap Index, which is considered diversified, was comprised of 555 component securities with market capitalizations between \$1.55 billion and \$15.62 billion that have a daily average traded volume of at least 421,724 over the past three months. The total market capitalization of the Mid Cap Index as of February 23, 2011 was in excess of \$3.07 trillion.

The Focus Morningstar Small Cap Index ETF (FOS) seeks to provide investment results that correspond, before fees and expenses, generally to the price and yield performance of the Morningstar Small Cap Index (the "Small Cap Index"). The Small Cap Index

measures the performance of stocks issued by small-capitalization companies as determined by Morningstar's proprietary index methodology.

The Small Cap Index measures the performance of stocks issued by small-capitalization companies that are domiciled or principally traded in the United States, as determined by Morningstar's proprietary index methodology that meet specific criteria developed by Morningstar, and is determined on the basis of capital value of component securities that are publicly held, which typifies a "float adjusted" capitalization index. The Small Cap Index methodology defines "small-capitalization" stocks as those stocks between the bottom 90th and 97th percentile of the market capitalization of the stocks eligible to be included in the Morningstar US Market Index (a diversified broad market index that represents approximately 97% of the market capitalization of publicly-traded US stocks). As of February 23, 2011, the Small Cap Index, which is considered diversified, was comprised of 714 component securities with market capitalizations between \$312.83 million and \$7.11 billion that have a daily average traded volume of at least 505,287 over the past three months. The total market capitalization of the Small Cap Index as of February 23, 2011 was in excess of \$1.12 trillion.

The Focus Morningstar Basic Materials Index ETF (FBM) seeks to provide investment results that correspond, before fees and expenses, generally to the price and yield performance of the Morningstar Basic Materials Index (the "Materials Index"). The Materials Index is a subset of the Morningstar US Market Index and consists of companies that manufacture chemicals, building materials and paper products. This sector also includes companies engaged in commodities exploration and processing.

The Basic Materials Index is determined on the basis of capital value of component securities that are publicly held, which typifies a "float adjusted" capitalization index and is a subset of the Morningstar US Market Index (a diversified broad market index that represents approximately 97% of the market capitalization of publicly-traded companies that are domiciled or principally traded in the United States). The Basic Materials Index consists of companies that manufacture chemicals, building materials and paper products. This sector also includes companies engaged in commodities exploration and processing that meet specific criteria developed by Morningstar based on the standard industrial classification ("SIC") codes attributable to the industries covered by the Basic Materials Index. As of February 23, 2011, the Basic Materials Index was comprised of 97 component securities with market capitalizations greater than \$736.31 million that have a daily average traded volume of at least 421,724 over the past three months. The total market capitalization of the Basic Materials Index as of February 23, 2011 was in excess of \$623.73 billion.

The Focus Morningstar Communication Services Index ETF (FCQ) seeks to provide investment results that correspond, before fees and expenses, generally to the price and yield performance of the Morningstar Communication Services Index (the "Communication Index"). The Communication Index is a subset of the Morningstar US Market Index and consists of companies that provide communication services using fixed-line networks or those that provide wireless access and services. This sector also includes companies that provide internet services such as access, navigation and internet related software and services.

The Communication Index is determined on the basis of capital value of component securities that are publicly held, which typifies a "float adjusted" capitalization index and is a subset of the Morningstar US Market Index (a diversified broad market index that represents approximately 97% of the market capitalization of publicly-traded companies

that are domiciled or principally traded in the United States). The Communication Index consists of companies that provide internet services such as access, navigation and internet related software and services that meet specific criteria developed by Morningstar based on the SIC codes attributable to the industries covered by the Communication Index. As of February 23, 2011, the Communication Index was comprised of 30 component securities with market capitalizations greater than \$792.03 million that have a daily average traded volume of at least 1.94 million over the past three months. The total market capitalization of the Communication Index as of February 23, 2011 was in excess of \$524.98 billion.

The Focus Morningstar Consumer Cyclical Index ETF (FCL) seeks to provide investment results that correspond, before fees and expenses, generally to the price and yield performance of the Morningstar Consumer Cyclical Index (the "Cyclical Index"). The Cyclical Index is a subset of the Morningstar US Market Index and includes retail stores, auto & auto parts manufacturers, companies engaged in residential construction, lodging facilities, restaurants and entertainment companies.

The Cyclical Index is determined on the basis of capital value of component securities that are publicly held, which typifies a "float adjusted" capitalization index and is a subset of the Morningstar US Market Index (a diversified broad market index that represents approximately 97% of the market capitalization of publicly-traded companies that are domiciled or principally traded in the United States). The Cyclical Index consists of retail stores, auto & auto parts manufacturers, companies engaged in residential construction, lodging facilities, restaurants and entertainment companies that meet specific criteria developed by Morningstar based on the SIC codes attributable to the industries covered by the Cyclical Index. As of February 23, 2011, the Cyclical Index was comprised of 231 component securities with market capitalizations greater than \$332.82 million that have a daily average traded volume of at least 1.61 million over the past three months. The total market capitalization of the Cyclical Index as of February 23, 2011 was in excess of \$1.55 trillion.

The Focus Morningstar Consumer Defensive Index ETF (FCD) seeks to provide investment results that correspond, before fees and expenses, generally to the price and yield performance of the Morningstar Consumer Defensive Index (the "Defensive Index"). The Defensive Index is a subset of the Morningstar US Market Index and consists of companies engaged in the manufacturing of food, beverages, household and personal products, packaging, or tobacco. This sector also includes companies that provide services such as education & training services.

The Defensive Index is determined on the basis of capital value of component securities that are publicly held, which typifies a "float adjusted" capitalization index and a subset of the Morningstar US Market Index (a diversified broad market index that represents approximately 97% of the market capitalization of publicly-traded companies that are domiciled or principally traded in the United States). The Defensive Index consists of companies engaged in the manufacturing of food, beverages, household and personal products, packaging, or tobacco. This sector also includes companies that provide services such as education & training services that meet specific criteria developed by Morningstar based on the SIC codes attributable to the industries covered by the Defensive Index. As of February 23, 2011, the Defensive Index was comprised of 98 component securities with market capitalizations greater than \$601.54 million that have a daily average traded volume of at least 1.17 million over the past three months. The total market capitalization of the Defensive Index as of February 23, 2011 was in excess of \$1.51 trillion.

The Focus Morningstar Energy Index ETF (FEG) seeks to provide investment results that correspond, before fees and expenses, generally to the price and yield performance of the Morningstar Energy Index (the "Energy Index"). The Energy Index is a subset of the Morningstar US Market Index and consists of companies that produce or refine oil and gas, oil field services and equipment companies, and pipeline operators. This sector also includes companies engaged in the mining of coal.

The Energy Index is determined on the basis of capital value of component securities that are publicly held, which typifies a "float adjusted" capitalization index and a subset of the Morningstar US Market Index (a diversified broad market index that represents approximately 97% of the market capitalization of publicly-traded companies that are domiciled or principally traded in the United States). The Energy Index consists of companies that produce or refine oil and gas, oil field services and equipment companies, and pipeline operators. This sector also includes companies engaged in the mining of coal that meet specific criteria developed by Morningstar based on the SIC codes attributable to the industries covered by the Energy Index. As of February 23, 2011, the Energy Index was comprised of 96 component securities with market capitalizations greater than \$904.60 million that have a daily average traded volume of at least 5.17 million over the past three months. The total market capitalization of the Energy Index as of February 23, 2011 was in excess of \$1.76 trillion.

The Focus Morningstar Financial Services Index ETF (FFL) seeks to provide investment results that correspond, before fees and expenses, generally to the price and yield performance of the Morningstar Financial Services Index (the "Financial Index"). The Financial Index is a subset of the Morningstar US Market Index and consists of companies that provide financial services which includes banks, savings and loans, asset management companies, credit services, investment brokerage firms, and insurance companies.

The Financial Index is determined on the basis of capital value of component securities that are publicly held, which typifies a "float adjusted" capitalization index and a subset of the Morningstar US Market Index (a diversified broad market index that represents approximately 97% of the market capitalization of publicly-traded companies that are domiciled or principally traded in the United States). The Financial Index consists of companies that provide financial services which includes banks, savings and loans, asset management companies, credit services, investment brokerage firms, and insurance companies that meet specific criteria developed by Morningstar based on the SIC codes attributable to the industries covered by the Financial Index. As of February 23, 2011, the Financial Index was comprised of 205 component securities with market capitalizations greater than \$312.83 million that have a daily average traded volume of at least 505,287 over the past three months. The total market capitalization of the Financial Index as of February 23, 2011 was in excess of \$2.09 trillion.

The Focus Morningstar Health Care Index ETF (FHC) seeks to provide investment results that correspond, before fees and expenses, generally to the price and yield performance of the Morningstar Health Care Index (the "Health Care Index"). The Health Care Index is a subset of the Morningstar US Market Index and consist of companies involved in biotechnology, pharmaceuticals, research services, home health care, hospitals, long-term care facilities, and medical equipment and supplies.

The Health Care Index is determined on the basis of capital value of component securities that are publicly held, which typifies a "float adjusted" capitalization index and a subset of the Morningstar US Market Index (a diversified broad market index that

represents approximately 97% of the market capitalization of publicly-traded companies that are domiciled or principally traded in the United States). The Health Care Index consists of companies involved in biotechnology, pharmaceuticals, research services, home health care, hospitals, long-term care facilities, and medical equipment and supplies that meet specific criteria developed by Morningstar based on the SIC codes attributable to the industries covered by the Health Care Index. As of March 9, 2011, the Health Care Index was comprised of 131 component securities with market capitalizations greater than \$675.75 million that have a daily average traded volume of at least 1.81 million over the past three months. As of March 9, 2011, the total market capitalization of the Health Care Index was in excess of \$1.59 trillion and the average market capitalization of the component securities of the Health Care Index was \$12.16 billion.

The Focus Morningstar Industrials Index ETF (FIL) seeks to provide investment results that correspond, before fees and expenses, generally to the price and yield performance of the Morningstar Industrials Index (the "Industrials Index"). The Industrials Index is a subset of the Morningstar US Market Index and consists of companies that manufacture machinery, hand-held tools and industrial products. This sector also includes aerospace and defense firms as well as companies engaged in transportations and logistic services.

The Industrials Index is determined on the basis of capital value of component securities that are publicly held, which typifies a "float adjusted" capitalization index and a subset of the Morningstar US Market Index (a diversified broad market index that represents approximately 97% of the market capitalization of publicly-traded companies that are domiciled or principally traded in the United States). The Industrials Index consists of companies that manufacture machinery, hand-held tools and industrial products. This sector also includes aerospace and defense firms as well as companies engaged in transportations and logistic services that meet specific criteria developed by Morningstar based on the SIC codes attributable to the industries covered by the Industrials Index. As of March 9, 2011, the Industrials Index was comprised of 245 component securities with market capitalizations greater than \$496.31 million that have a daily average traded volume of at least 1.82 million over the past three months. As of March 9, 2011, the total market capitalization of the Industrials Index was in excess of \$1.94 trillion and the average market capitalization of the component securities of the Industrials Index was \$7.95 billion.

The Focus Morningstar Real Estate Index ETF (FRL) seeks to provide investment results that correspond, before fees and expenses, generally to the price and yield performance of the Morningstar Real Estate Index (the "Real Estate Index"). The Real Estate Index is a subset of the Morningstar US Market Index and consists of mortgage companies, property management companies and REITs.

The Real Estate Index is determined on the basis of capital value of component securities that are publicly held, which typifies a "float adjusted" capitalization index and a subset of the Morningstar US Market Index (a diversified broad market index that represents approximately 97% of the market capitalization of publicly-traded companies that are domiciled or principally traded in the United States). The Real Estate Index consists of mortgage companies, property management companies and REITs that meet specific criteria developed by Morningstar based on the SIC codes attributable to the industries covered by the Real Estate Index. As of March 9, 2011, the Real Estate Index was comprised of 85 component securities with market capitalizations greater than \$769.82 million that have a daily average traded volume of at least 970,659 over the past three months. As of March 9, 2011, the total market capitalization of the Real Estate Index was

in excess of \$346.53 billion and the average market capitalization of the component securities of the Real Estate Index was \$4.08 billion.

The Focus Morningstar Technology Index ETF (FTQ) seeks to provide investment results that correspond, before fees and expenses, generally to the price and yield performance of the Morningstar Technology Index (the "Technology Index"). The Technology Index is a subset of the Morningstar US Market Index and consists of companies engaged in the design, development, and support of computer operating systems and applications. This sector also includes companies that provide computer technology consulting services and companies engaged in the manufacturing of computer equipment, data storage products, networking products, semiconductors, and components.

The Technology Index is determined on the basis of capital value of component securities that are publicly held, which typifies a "float adjusted" capitalization index and a subset of the Morningstar US Market Index (a diversified broad market index that represents approximately 97% of the market capitalization of publicly-traded companies that are domiciled or principally traded in the United States). The Technology Index consists of companies engaged in the design, development, and support of computer operating systems and applications. This sector also includes companies that provide computer technology consulting services and companies engaged in the manufacturing of computer equipment, data storage products, networking products, semiconductors, and components that meet specific criteria developed by Morningstar based on the SIC codes attributable to the industries covered by the Technology Index. As of March 9, 2011, the Technology Index was comprised of 234 component securities with market capitalizations greater than \$541.09 million that have a daily average traded volume of at least 1.37 million over the past three months. As of March 9, 2011, the total market capitalization of the Technology Index was in excess of \$2.54 trillion and the average market capitalization of the component securities of the Technology Index was \$10.88 billion.

The Focus Morningstar Utilities Index ETF (FUI) seeks to provide investment results that correspond, before fees and expenses, generally to the price and yield performance of the Morningstar Utilities Index (the "Utilities Index"). The Utilities Index is a subset of the Morningstar US Market Index and consists of electric, gas, and water utilities.

The Utilities Index is determined on the basis of capital value of component securities that are publicly held, which typifies a "float adjusted" capitalization index and a subset of the Morningstar US Market Index (a diversified broad market index that represents approximately 97% of the market capitalization of publicly-traded companies that are domiciled or principally traded in the United States). The Utilities Index consists of companies that are electric, gas, and water utilities that meet specific criteria developed by Morningstar based on the SIC codes attributable to the industries covered by the Utilities Index. As of March 9, 2011, the Utilities Index was comprised of 74 component securities with market capitalizations greater than \$635.44 million that have a daily average traded volume of at least 2.22 million over the past three months. As of March 9, 2011, the total market capitalization of the Utilities Index was in excess of \$486.44 billion and the average market capitalization of the component securities of the Utilities Index was \$6.57 billion.

For more information regarding each Fund's investment strategy, please read the prospectus for the Funds.

As described more fully in the Trust's prospectus and Statement of Additional Information ("SAI"), the Funds issue and redeem Shares at net asset value ("NAV") only in large

blocks of 50,000 Shares (each block of Shares called a "Creation Unit") or multiples thereof. As a practical matter, only broker-dealers or large institutional investors with creation and redemption agreements (called Authorized Participants) can purchase or redeem these Creation Units. Except when aggregated in Creation Units, the Shares may not be redeemed with the Funds.

Net investment income and net capital gains are typically distributed to shareholders at least annually.

Shares are held in book-entry form, which means that no Share certificates are issued. The Depository Trust Company or its nominee is the record owner of all outstanding Shares of the Funds and is recognized as the owner of all Shares for all purposes.

The NAV per Share for each Fund is computed by dividing the value of the net assets of the Fund (i.e., the value of its total assets less total liabilities) by the total number of Shares outstanding. Expenses and fees are accrued daily and taken into account for purposes of determining NAV. The NAV of each Fund is determined each business day after the close of trading (ordinarily 4:00 p.m., Eastern Time or "ET") of the New York Stock Exchange. Any assets or liabilities denominated in currencies other than the U.S. dollar are converted into U.S. dollars at the current market rates on the date of valuation as quoted by one or more sources.

The registration statement for the Funds describes the various fees and expenses for the Funds' Shares. For a more complete description of the Funds and the underlying indexes, visit the Funds' website at www.focusshares.com.

Purchases and Redemptions in Creation Unit Size

NASDAQ members, BX members and PHLX members and member organizations are hereby informed that procedures for purchases and redemptions of Shares in Creation Unit Size are described in the Trust's prospectus and Statement of Additional Information and that Shares are not individually redeemable but are redeemable only in Creation Unit Size aggregations or multiples thereof.

Principal Risks

Interested persons are referred to the discussion in the prospectus for the Funds of the principal risks of an investment in the Funds. These include tracking error risk (factors causing a Fund's performance to not match the performance of its underlying index), market trading risk (for example, trading halts, trading above or below net asset value), investment style risk, sector risk, investment approach risk, non-diversification risk, issuer-specific risk, management risk, indexing risk, and concentration risk.

Exchange Rules Applicable to Trading in the Shares

Trading in the Shares on NASDAQ is on a UTP basis and is subject to NASDAQ equity trading rules. Trading of the Shares on BX is on a UTP basis and is subject to BX equity trading rules. Trading of the Shares on PHLX's PSX system is on a UTP basis and is subject to PHLX rules.

Trading Hours

The values of each index underlying the Shares are disseminated to data vendors every 15 seconds. The Shares will trade on NASDAQ between 7:00 a.m. and 8:00 p.m. ET. The Shares will trade on BX between 8:00 a.m. and 7:00 p.m. ET. The Shares will trade on PSX between 9:00 a.m. and 5:00 p.m. ET. 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 Funds during these sessions, when the underlying index's values, intraday indicative value, or similar value may not be disseminated or calculated.

Dissemination of Fund Data

The Consolidated Tape Association will disseminate real time trade and quote information for the Funds to Tape B.

Fund Name	Listing Market	Trading Symbol	IOPV Symbol	NAV Symbol
Focus Morningstar US Market Index ETF	NYSE Arca	FMU	FMU.IV	FMU.NV
Focus Morningstar Large Cap Index ETF	NYSE Arca	FLG	FLG.IV	FLG.NV
Focus Morningstar Mid Cap Index ETF	NYSE Arca	FMM	FMM.IV	FMM.NV
Focus Morningstar Small Cap Index ETF	NYSE Arca	FOS	FOS.IV	FOS.NV
Focus Morningstar Basic Materials Index ETF	NYSE Arca	FBM	FBM.IV	FBM.NV
Focus Morningstar Communication Services Index ETF	NYSE Arca	FCQ	FCQ.IV	FCQ.NV
Focus Morningstar Consumer Cyclical Index ETF	NYSE Arca	FCL	FCL.IV	FCL.NV
Focus Morningstar Consumer Defensive Index ETF	NYSE Arca	FCD	FCD.IV	FCD.NV
Focus Morningstar Energy Index ETF	NYSE Arca	FEG	FEG.IV	FEG.NV
Focus Morningstar Financial Services Index ETF	NYSE Arca	FFL	FFL.IV	FFL.NV

Focus Morningstar Health Care Index ETF	NYSE Arca	FHC	FHC.IV	FHC.NV
Focus Morningstar Industrials Index ETF	NYSE Arca	FIL	FIL.IV	FIL.NV
Focus Morningstar Real Estate Index ETF	NYSE Arca	FRL	FRL.IV	FRL.NV
Focus Morningstar Technology Index ETF	NYSE Arca	FTQ	FTQ.IV	FTQ.NV
Focus Morningstar Utilities Index ETF	NYSE Arca	FUI	FUI.IV	FUI.NV

Suitability

Trading in the Shares on NASDAQ will be subject to the provisions of NASDAQ Rule 2310. Trading in the Shares on BX will be subject to the provisions of BX Equity Rule 2310. Shares trading on PSX will be subject to the provisions of PHLX Rule 763. Members and member organizations recommending transactions in the Shares to customers should make a determination that the recommendation is suitable for the customer. In addition, members must possess sufficient information to satisfy the “know your customer” obligation that is embedded in both the NASDAQ Conduct Rules and the BX Conduct Rules.

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.

Trading Halts

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

Delivery of a Prospectus

NASDAQ members, BX members and PHLX members and member organizations should be mindful of applicable prospectus delivery requirements under the federal securities laws with respect to transactions in the Funds.

Prospectuses may be obtained through the Funds' website. The prospectus for the Funds does not contain all of the information set forth in the Funds' registration statement (including the exhibits to the registration statement), parts of which have been omitted in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). For further information about the Funds, please refer to the registration statement.

In the event that the Funds rely upon an order by the SEC exempting the Shares from certain prospectus delivery requirements under Section 24(d) of the 1940 Act and in the future make available a written product description, NASDAQ Rules 5705 and 5740, BX Equity Rules 4420 and 4421, and PHLX Rule 803 require that members and member organizations, respectively, provide to all purchasers of Shares a written description of the terms and characteristics of such securities, in a form prepared by the Trust for the Funds, no later than the time a confirmation of the first transaction in the Shares is delivered to such purchaser. In addition, members and member organizations shall include such a written description with any sales material relating to the Shares that is provided to customers or the public. Any other written materials provided by members or member organizations to customers or the public making specific reference to the Shares as an investment vehicle must include a statement in substantially the following form: "A circular describing the terms and characteristics of the Shares of the Fund has been prepared by the Trust and is available from your broker. It is recommended that you obtain and review such circular before purchasing Shares of the Fund. In addition, upon request you may obtain from your broker a prospectus for Shares of the Fund."

Any NASDAQ, BX or PHLX member or member organization carrying an omnibus account for a non-member broker-dealer is required to inform such non-member that execution of an order to purchase Shares for such omnibus account will be deemed to constitute agreement by the non-member to make such written description available to its customers on the same terms as are directly applicable to NASDAQ members, BX members and PHLX members or member organizations under this rule.

Upon request of a customer, NASDAQ members, BX members and PHLX members or member organizations shall provide a copy of the prospectus.

Exemptive, Interpretive and No-Action Relief Under Federal Securities Regulations

The SEC has issued exemptive, interpretive or no-action relief from certain provisions of rules under the Securities Exchange Act of 1934 (the "Act") regarding trading in the above mentioned exchange-traded Funds.

Regulation M Exemptions

Generally, Rules 101 and 102 of Regulation M prohibit any "distribution participant" and its "affiliated purchasers" from bidding for, purchasing, or attempting to induce any

person to bid for or purchase any security which is the subject of a distribution until after the applicable restricted period, except as specifically permitted in Regulation M. The provisions of the Rules apply to underwriters, prospective underwriters, brokers, dealers, and other persons who have agreed to participate or are participating in a distribution of securities.

The SEC has granted an exemption from Rule 101 under Regulation M to permit persons participating in a distribution of shares of the above-mentioned Funds to engage in secondary market transactions in such shares during their participation in such a distribution. In addition, the SEC has granted relief under Regulation M to permit persons who may be deemed to be participating in the distribution of Shares of the above-mentioned Funds (i) to purchase securities for the purpose of purchasing Creation Unit Aggregations of Fund Shares and (ii) to tender securities for redemption in Creation Unit Aggregations. Further, the SEC has clarified that the tender of Fund Shares to the Funds for redemption does not constitute a bid for or purchase of any of the Funds' securities during the restricted period of Rule 101. The SEC has also granted an exemption pursuant to paragraph (e) of Rule 102 under Regulation M to allow the redemption of Fund Shares in Creation Unit Aggregations during the continuous offering of Shares.

Customer Confirmations for Creation or Redemption of Fund Shares (SEC Rule 10b-10)

Broker-dealers who handle purchases or redemptions of Fund Shares in Creation Unit size for customers will be permitted to provide such customers with a statement of the number of Creation Unit Aggregations created or redeemed without providing a statement of the identity, number and price of shares of the individual securities tendered to a Fund for purposes of purchasing Creation Unit Aggregations ("Deposit Securities") or the identity, number and price of shares to be delivered by the Trust for the Fund to the redeeming holder ("Redemption Securities"). The composition of the securities required to be tendered to the Fund for creation purposes and of the securities to be delivered on redemption will be disseminated each business day and will be applicable to requests for creations or redemption, as the case may be, on that day. This exemptive relief under Rule 10b-10 with respect to creations and redemptions is subject to the following conditions:

- 1) Confirmations to customers engaging in creations or redemptions must state that all information required by Rule 10b-10 will be provided upon request;
- 2) Any such request by a customer for information required by Rule 10b-10 will be filed in a timely manner, in accordance with Rule 10b-10(c);
- 3) Except for the identity, number and price of shares of the component securities of the Deposit Securities and Redemption Securities, as described above, confirmations to customers must disclose all other information required by Rule 10b-10(a).

SEC Rule 14e-5

An exemption from Rule 14e-5 has been granted to permit any person acting as a dealer-manager of a tender offer for a component security of a Fund (1) to redeem Fund Shares in Creation Unit Aggregations from the issuer that may include a security subject to such

tender offer and (2) to purchase Fund Shares during such tender offer. In addition, a no-action position has been taken under Rule 14e-5 if a broker-dealer acting as a dealer-manager of a tender offer for a security of a Fund purchases or arranges to purchase such securities in the secondary market for the purpose of tendering such securities to purchase one or more Creation Unit Aggregations of Shares, if made in conformance with the following:

- 1) such bids or purchases are effected in the ordinary course of business, in connection with a basket of 20 or more securities in which any security that is the subject of a distribution, or any reference security, does not comprise more than 5% of the value of the basket purchased; or
- 2) purchases are effected as adjustments to such basket in the ordinary course of business as a result of a change in the composition of the underlying index; and
- 3) such bids or purchases are not effected for the purpose of facilitating such tender offer.

Section 11(d)(1); SEC Rules 11d1-1 and 11d1-2

Section 11(d)(1) of the Act generally prohibits a person who is both a broker and a dealer from effecting any transaction in which the broker-dealer extends credit to a customer on any security which was part of a new issue in the distribution of which he participated as a member of a selling syndicate or group within thirty days prior to such transaction. The SEC has clarified that Section 11(d)(1) does not apply to broker-dealers that are not Authorized Participants (and, therefore, do not create Creation Unit Aggregations) that engage in both proprietary and customer transactions in Shares of the Fund in the secondary market, and for broker-dealer Authorized Participants that engage in creations of Creation Unit Aggregations. This relief is subject to specific conditions, including the condition that such broker-dealer (whether or not an Authorized Participant) does not, directly or indirectly, receive from the fund complex any payment, compensation or other economic incentive to promote or sell the Shares of a Fund to persons outside the fund complex, other than non-cash compensation permitted under NASD Rule 2830(I)(5)(A), (B) or (C). (See [letter](#) from Catherine McGuire, Chief Counsel, SEC Division of Market Regulation, to Securities Industry Association, Derivative Products Committee, dated November 21, 2005.) The SEC also has taken a no-action position under Section 11(d)(1) of the Act that broker-dealers may treat Shares of a Fund, for purposes of Rule 11d1-2, as "securities issued by a registered open-end investment company as defined in the Investment Company Act" and thereby extend credit or maintain or arrange for the extension or maintenance of credit on Shares that have been owned by the persons to whom credit is provided for more than 30 days, in reliance on the exemption contained in the rule.

SEC Rule 15c1-5 and 15c1-6

The SEC has taken a no-action position with respect to Rule 15c1-5 and Rule 15c1-6 as to the required disclosure of control by a broker or dealer with respect to creations and redemptions of Fund Shares and secondary market transactions therein. (See [letter](#) from Catherine McGuire, Chief Counsel, SEC Division of Market Regulation, to Securities Industry Association, Derivative Products Committee, dated November 21, 2005.)

This Information Circular is not a statutory prospectus. NASDAQ members, BX members and PHLX members and member organizations should consult the Funds' prospectus and/or the Funds' website for relevant information.

Inquiries regarding this Information Circular should be directed to:

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