



INFORMATION CIRCULAR: DIREXION SHARES ETF TRUST

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

FROM: NASDAQ / BX / PHLX Listing Qualifications Department

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EXCHANGE-TRADED FUND

SYMBOL CUSIP

Direxion Daily Aerospace & Defense Bull 3X Shares	DFEN	25460E661
Direxion Daily Industrials Bull 3X Shares	DUSL	25460E737
Direxion Daily Transportation Bull 3X Shares	TPOR	25460E679
Direxion Daily Utilities Bull 3X Shares	UTSL	25460E711
Direxion Daily MSCI Mexico Bull 3X Shares	MEXX	25460E752

BACKGROUND INFORMATION ON THE FUNDS

The Direxion Shares ETF Trust (the "Trust") is a management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"), consisting of several investment portfolios. This circular relates only to the Funds listed above (each, a "Fund" and together, the "Funds"). The shares of the Funds are referred to herein as "Shares." Rafferty Asset Management, LLC (the "Adviser") is the investment adviser to the Funds.

Direxion Daily Aerospace & Defense Bull 3X Shares

The Direxion Daily Aerospace & Defense Bull 3X Shares ("DFEN") seeks daily investment results, before fees and expenses, of 300% of the daily performance of the Dow Jones U.S. Select Aerospace & Defense Index ("DFEN Index"). The Fund does not seek to achieve its stated investment objective for a period of time different than a trading day.

DFEN, under normal circumstances, invests at least 80% of its net assets (plus borrowing for investment purposes) in financial instruments that provide daily leveraged exposure to the DFEN Index and/or exchange-traded funds ("ETFs") that track the DFEN Index. The financial instruments in which DFEN normally invests include swap agreements and futures contracts which are intended to produce economically leveraged investment results. On a day-to-day basis, DFEN is expected to hold money market funds and/or short-term debt instruments that have terms-to-maturity of less than 397 days and exhibit high quality credit profiles, including U.S. government securities and repurchase agreements.

The DFEN Index is provided by Dow Jones U.S. Index (the “DFEN Index Provider”). The DFEN Index attempts to measure the performance of the aerospace and defense industry of the U.S. equity market. The DFEN Index Provider selects the stocks comprising the DFEN Index from the aerospace and defense sector on the basis of the float-adjusted, market capitalization-weight of each constituent. Aerospace companies include manufacturers, assemblers and distributors of aircraft and aircraft parts. Defense companies include producers of components and equipment for the defense industry, such as military aircraft, radar equipment and weapons.

As of December 30, 2016 the DFEN Index consisted of 39 components that had a median total market capitalization of \$2.6 billion, total market capitalizations ranging from \$600 million to \$89.4 billion and were concentrated in aerospace and defense industries which are industries included in the industrials sector.

The components of the DFEN Index and the percentages represented by various sectors in the DFEN Index may change over time. DFEN will concentrate its investment in a particular industry or group of industries (i.e., hold 25% or more of its total assets in the stocks of a particular industry or group of industries) to approximately the same extent as the DFEN Index is so concentrated.

DFEN may invest in the securities of the DFEN Index, a representative sample of the securities in the DFEN Index that has aggregate characteristics similar to those of the DFEN Index, an ETF that tracks the DFEN Index or a substantially similar index, or utilize derivatives such as swaps on the DFEN Index, swaps on an ETF that tracks the same DFEN Index or a substantially similar index as DFEN, or futures contracts that provide leveraged exposure to the above. Derivatives are financial instruments that derive value from the underlying reference asset or assets, such as stocks, bonds, or funds (including ETFs), interest rates or indexes. Certain of the derivative instruments in which DFEN may invest may be traded in the over-the-counter market, which generally provides for less transparency than exchange-traded derivative instruments. DFEN seeks to remain fully invested at all times consistent with its stated investment objective.

At the close of the markets each trading day, the Adviser positions DFEN’s portfolio so that its exposure to the DFEN Index is consistent with DFEN’s investment objective. The impact of the DFEN Index’s movements during the day will affect whether DFEN’s portfolio needs to be re-positioned. For example, if the DFEN Index has risen on a given day, net assets of DFEN should rise, meaning that DFEN’s exposure will need to be increased. Conversely, if the DFEN Index has fallen on a given day, net assets of DFEN should fall, meaning DFEN’s exposure will need to be reduced. This re-positioning strategy typically results in high portfolio turnover. The terms “daily,” “day,” and “trading day,” refer to the period from the close of the markets on one trading day to the close of the markets on the next trading day.

Direxion Daily Industrials Bull 3X Shares

The Direxion Daily Industrials Bull 3X Shares (“DUSL”) seeks daily investment results, before fees and expenses, of 300% of the daily performance of the Industrials Select Sector Index (“DUSL Index”)

DUSL, under normal circumstances, invests at least 80% of its net assets (plus borrowing for investment purposes) in financial instruments that provide daily leveraged exposure to the DUSL Index and/or exchange-traded funds (“ETFs”) that track the Index. The financial instruments in which DUSL normally invests include swap agreements and futures contracts which are intended to produce economically leveraged investment results. On a day-to-day basis, DUSL is expected to hold

money market funds and/or short-term debt instruments that have terms-to-maturity of less than 397 days and exhibit high quality credit profiles, including U.S. government securities and repurchase agreements.

The DUSL Index is provided by S&P Dow Jones Indices (the “DUSL Index Provider”) and includes domestic companies from the industrials sector which includes the following industries: aerospace and defense; industry conglomerates; and machinery. The DUSL Index is one of eleven Select Sector Indexes developed and maintained in accordance with the following criteria: (1) each of the stocks in the DUSL Index is also a constituent company of the S&P 500 Index; (2) each constituent in the S&P 500 Index is assigned to one of the Select Sector Indexes; and (3) the DUSL Index is calculated by the DUSL Index Provider using a modified “market capitalization” methodology, which is a hybrid between equal weighting and conventional market capitalization weighting with the weighting capped for the largest stocks included in the Index. This design ensures that each of the component stocks within a Select Sector Index is represented in a proportion consistent with its percentage with respect to the total market capitalization of such Select Sector Index.

As of December 30, 2016, the DUSL Index was comprised of 69 constituents, which had a median total market capitalization of \$15 billion, total market capitalizations ranging from \$2.8 billion to \$279.5 billion and were concentrated in the industrials sector.

The components of the DUSL Index and the percentages represented by various sectors in the DUSL Index may change over time. DUSL will concentrate its investment in a particular industry or group of industries (i.e., hold 25% or more of its total assets in the stocks of a particular industry or group of industries) to approximately the same extent as the DUSL Index is so concentrated.

DUSL may invest in the securities of the Index, a representative sample of the securities in the DUSL Index that has aggregate characteristics similar to those of the Index, an ETF that tracks the DUSL Index or a substantially similar index, or utilize derivatives such as swaps on the Index, swaps on an ETF that tracks the same DUSL Index or a substantially similar index as DUSL, or futures contracts that provide leveraged exposure to the above. Derivatives are financial instruments that derive value from the underlying reference asset or assets, such as stocks, bonds, or funds (including ETFs), interest rates or indexes. Certain of the derivative instruments in which DUSL may invest may be traded in the over-the-counter market, which generally provides for less transparency than exchange-traded derivative instruments. DUSL seeks to remain fully invested at all times consistent with its stated investment objective.

At the close of the markets each trading day, the Adviser positions DUSL’s portfolio so that its exposure to the DUSL Index is consistent with DUSL’s investment objective. The impact of the Index’s movements during the day will affect whether DUSL’s portfolio needs to be re-positioned. For example, if the DUSL Index has risen on a given day, net assets of DUSL should rise, meaning that DUSL’s exposure will need to be increased. Conversely, if the DUSL Index has fallen on a given day, net assets of DUSL should fall, meaning DUSL’s exposure will need to be reduced. This re-positioning strategy typically results in high portfolio turnover. The terms “daily,” “day,” and “trading day,” refer to the period from the close of the markets on one trading day to the close of the markets on the next trading day.

Direxion Daily Transportation Bull 3X Shares

The Direxion Daily Transportation Bull 3X Shares (“TPOR”) seeks daily investment results, before fees and expenses, of 300% of the daily performance of the Dow Jones Transportation Average (“TPOR Index”).

TPOR, under normal circumstances, invests at least 80% of its net assets (plus borrowing for investment purposes) in financial instruments that provide daily leveraged exposure to the TPOR Index and/or exchange-traded funds (“ETFs”) that track the TPOR Index. The financial instruments in which TPOR normally invests include swap agreements and futures contracts which are intended to produce economically leveraged investment results. On a day-to-day basis, TPOR is expected to hold money market funds and/or short-term debt instruments that have terms-to-maturity of less than 397 days and exhibit high quality credit profiles, including U.S. government securities and repurchase agreements.

The TPOR Index is provided by Dow Jones U.S. Index (the “TPOR Index Provider”) and measures the performance of large, well-known companies within the transportation industry (e.g. shipping, railroad companies, airlines, etc.) Components are selected through a discretionary process with no predetermined, objective criteria. Stocks are selected typically only if the company has an excellent reputation, the company demonstrates sustained growth and is believed to be of interest to a large number of investors. The TPOR Index is price weighted and rebalanced as needed by the TPOR Index Provider.

As of December 30, 2016 the TPOR Index consisted of 20 components that had a median total market capitalization of \$10.7 billion, total market capitalizations ranging from \$1.5 billion to \$85.4 billion and were concentrated in the transportation industry which is included in the industrials sector.

The components of the TPOR Index and the percentages represented by various sectors in the TPOR Index may change over time. TPOR will concentrate its investment in a particular industry or group of industries (i.e., hold 25% or more of its total assets in the stocks of a particular industry or group of industries) to approximately the same extent as the TPOR Index is so concentrated.

TPOR may invest in the securities of the TPOR Index, a representative sample of the securities in the TPOR Index that has aggregate characteristics similar to those of the TPOR Index, an ETF that tracks the TPOR Index or a substantially similar index, or utilize derivatives such as swaps on the TPOR Index, swaps on an ETF that tracks the same TPOR Index or a substantially similar index as TPOR, or futures contracts that provide leveraged exposure to the above. Derivatives are financial instruments that derive value from the underlying reference asset or assets, such as stocks, bonds, or funds (including ETFs), interest rates or indexes. Certain of the derivative instruments in which TPOR may invest may be traded in the over-the-counter market, which generally provides for less transparency than exchange-traded derivative instruments. TPOR seeks to remain fully invested at all times consistent with its stated investment objective.

At the close of the markets each trading day, the Adviser positions TPOR’s portfolio so that its exposure to the TPOR Index is consistent with TPOR’s investment objective. The impact of the TPOR Index’s movements during the day will affect whether TPOR’s portfolio needs to be re-positioned. For example, if the TPOR Index has risen on a given day, net assets of TPOR should rise, meaning that

TPOR's exposure will need to be increased. Conversely, if the TPOR Index has fallen on a given day, net assets of TPOR should fall, meaning TPOR's exposure will need to be reduced. This re-positioning strategy typically results in high portfolio turnover. The terms "daily," "day," and "trading day," refer to the period from the close of the markets on one trading day to the close of the markets on the next trading day.

Direxion Daily Utilities Bull 3X Shares

The Direxion Daily Utilities Bull 3X Shares ("UTSL") seeks daily investment results, before fees and expenses, of 300% of the daily performance of the Utilities Select Sector Index ("UTSL Index").

UTSL, under normal circumstances, invests at least 80% of its net assets (plus borrowing for investment purposes) in financial instruments that provide daily leveraged exposure to the UTSL Index and/or exchange-traded funds ("ETFs") that track the UTSL Index. The financial instruments in which UTSL normally invests include swap agreements and futures contracts which are intended to produce economically leveraged investment results. On a day-to-day basis, UTSL is expected to hold money market funds and/or short-term debt instruments that have terms-to-maturity of less than 397 days and exhibit high quality credit profiles, including U.S. government securities and repurchase agreements.

The UTSL Index is provided by S&P Dow Jones Indices (the "UTSL Index Provider") and includes domestic companies from the utilities sector which includes the following industries: electric utilities; multi-utilities; water utilities; independent power producers and energy trades; and gas utilities. The UTSL Index is one of eleven Select Sector Indexes developed and maintained in accordance with the following criteria: (1) each of the stocks in the UTSL Index is also a constituent company of the S&P 500 Index; (2) each constituent in the S&P 500 Index is assigned to one of the Select Sector Indexes; and (3) the UTSL Index is calculated by the UTSL Index Provider using a modified "market capitalization" methodology, which is a hybrid between equal weighting and conventional market capitalization weighting with the weighting capped for the largest stocks included in the UTSL Index. This design ensures that each of the component stocks within a Select Sector Index is represented in a proportion consistent with its percentage with respect to the total market capitalization of such Select Sector Index. The UTSL Index is rebalanced quarterly.

As of December 30, 2016, the UTSL Index was comprised of 28 constituents, which had a median total market capitalization of \$18.1 billion, total market capitalizations ranging from \$3.9 billion to \$55.8 billion and were concentrated in the utilities sector.

The components of the UTSL Index and the percentages represented by various sectors in the UTSL Index may change over time. UTSL will concentrate its investment in a particular industry or group of industries (i.e., hold 25% or more of its total assets in the stocks of a particular industry or group of industries) to approximately the same extent as the UTSL Index is so concentrated.

UTSL may invest in the securities of the UTSL Index, a representative sample of the securities in the UTSL Index that has aggregate characteristics similar to those of the UTSL Index, an ETF that tracks the UTSL Index or a substantially similar index, or utilize derivatives such as swaps on the UTSL Index, swaps on an ETF that tracks the same UTSL Index or a substantially similar index as UTSL, or futures contracts that provide leveraged exposure to the above. Derivatives are financial instruments that derive value from the underlying reference asset or assets, such as stocks, bonds, or funds (including

ETFs), interest rates or indexes. Certain of the derivative instruments in which UTSL may invest may be traded in the over-the-counter market, which generally provides for less transparency than exchange-traded derivative instruments. UTSL seeks to remain fully invested at all times consistent with its stated investment objective.

At the close of the markets each trading day, the Adviser positions UTSL's portfolio so that its exposure to the UTSL Index is consistent with UTSL's investment objective. The impact of the UTSL Index's movements during the day will affect whether UTSL's portfolio needs to be re-positioned. For example, if the UTSL Index has risen on a given day, net assets of UTSL should rise, meaning that UTSL's exposure will need to be increased. Conversely, if the UTSL Index has fallen on a given day, net assets of UTSL should fall, meaning UTSL's exposure will need to be reduced. This re-positioning strategy typically results in high portfolio turnover. The terms "daily," "day," and "trading day," refer to the period from the close of the markets on one trading day to the close of the markets on the next trading day.

Direxion Daily MSCI Mexico Bull 3X Shares

The Direxion Daily MSCI Mexico Bull 3X Shares ("MEXX") seeks daily investment results, before fees and expenses, of 300% of the daily performance of the MSCI Mexico IMI 25/50 Index ("MEXX Index").

MEXX, under normal circumstances, invests at least 80% of its net assets (plus borrowing for investment purposes) in financial instruments that provide daily leveraged exposure to the MEXX Index and/or exchange-traded funds ("ETFs") that track the MEXX Index. The financial instruments in which MEXX normally invests include swap agreements and futures contracts which are intended to produce economically leveraged investment results. On a day-to-day basis, MEXX is expected to hold money market funds and/or short-term debt instruments that have terms-to-maturity of less than 397 days and exhibit high quality credit profiles, including U.S. government securities and repurchase agreements.

The MEXX Index is designed to measure the performance of the large-, mid- and small-capitalization segments of the Mexican equity market, covering approximately 99% of the free float-adjusted market capitalization in Mexico. The MEXX Index consists of stocks traded primarily on the Mexican Stock Market and is rebalanced quarterly.

As of December 30, 2016, the MEXX Index was comprised of 61 constituents which had a median total market capitalization of \$1.1 billion, total market capitalizations ranging from \$68.7 million to \$20.1 billion and were concentrated in the consumer staples, materials and financials sectors. The components of the MEXX Index and the percentages represented by various sectors in the MEXX Index may change over time. MEXX will concentrate its investment in a particular industry or group of industries (i.e., hold 25% or more of its total assets in the stocks of a particular industry or group of industries) to approximately the same extent as the MEXX Index is so concentrated.

MEXX may invest in the securities of the MEXX Index, a representative sample of the securities in the MEXX Index that has aggregate characteristics similar to those of the MEXX Index, an ETF that tracks the MEXX Index or a substantially similar index, or utilize derivatives such as swaps on the MEXX Index, swaps on an ETF that tracks the same MEXX Index or a substantially similar index as MEXX, or futures contracts that provide leveraged exposure to the above. Derivatives are financial instruments

that derive value from the underlying reference asset or assets, such as stocks, bonds, or funds (including ETFs), interest rates or indexes. Certain of the derivative instruments in which MEXX may invest may be traded in the over-the-counter market, which generally provides for less transparency than exchange-traded derivative instruments. MEXX seeks to remain fully invested at all times consistent with its stated investment objective.

At the close of the markets each trading day, The Adviser positions MEXX's portfolio so that its exposure to the MEXX Index is consistent with MEXX's investment objective. The impact of the MEXX Index's movements during the day will affect whether MEXX's portfolio needs to be re-positioned. For example, if the MEXX Index has risen on a given day, net assets of MEXX should rise, meaning that MEXX's exposure will need to be increased. Conversely, if the MEXX Index has fallen on a given day, net assets of MEXX should fall, meaning MEXX's exposure will need to be reduced. This re-positioning strategy typically results in high portfolio turnover. The terms "daily," "day," and "trading day," refer to the period from the close of the markets on one trading day to the close of the markets on the next trading day.

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"). 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.

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.direxioninvestments.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), effects of compounding and market volatility risk, derivatives risk, leverage risk, counterparty risk, intra-day investment risk, daily index correlation/tracking risk, other investment companies (including ETFs) risk, utilities sector risk, large-capitalization company risk, mid-capitalization company risk, aggressive investment techniques risk, early close/trading halt risk, equity securities risk, high portfolio turnover risk, investment risk, liquidity risk, market risk, money market instrument risk, non-diversification risk, regulatory risk, authorized participants concentration risk, trading issues risk, and market price variance 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
Direxion Daily Aerospace & Defense Bull 3X Shares	NYSE Arca	DFEN	DFEN.IV	DFEN.NV
Direxion Daily Industrials Bull 3X Shares	NYSE Arca	DUSL	DUSL.IV	DUSL.NV

Direxion Daily Transportation Bull 3X Shares	NYSE Arca	TPOR	TPOR.IV	TPOR.NV
Direxion Daily Utilities Bull 3X Shares	NYSE Arca	UTSL	UTSL.IV	UTSL.IV
Direxion Daily MSCI Mexico Bull 3X Shares	NYSE Arca	MEXX	MEXX.IV	MEXX.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(l)(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.

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