



## INFORMATION CIRCULAR: SPDR SERIES TRUST

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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:** December 27, 2017

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### EXCHANGE-TRADED FUND

	SYMBOL	CUSIP #
SPDR Kensho Future Security ETF	XKFS	78468R671
SPDR Kensho Smart Mobility ETF	XKST	78468R689
SPDR Kensho Intelligent Structures ETF	XKII	78468R697

### BACKGROUND INFORMATION ON THE FUNDS

SPDR Series 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 Fund are referred to herein as "Shares." SSGA FM (the "Adviser") is the investment adviser to the Funds.

#### SPDR Kensho Future Security ETF

The SPDR Kensho Future Security ETF ("XKFS") seeks to provide investment results that, before fees and expenses, correspond generally to the total return performance of the Kensho Future Security Index (the "XKFS Index").

In seeking to track the performance of the XKFS Index, XKFS employs a sampling strategy, which means that XKFS is not required to purchase all of the securities represented in the XKFS Index. Instead, XKFS may purchase a subset of the securities in the XKFS Index in an effort to hold a portfolio of securities with generally the same risk and return characteristics of the XKFS Index. The quantity of holdings in XKFS will be based on a number of factors, including asset size of XKFS. Based on its analysis of these factors, the Adviser may invest XKFS's assets in a subset of securities in the XKFS Index or may invest XKFS's assets in substantially all of the securities represented in the XKFS Index in approximately the same proportions as the XKFS Index.

Under normal market conditions, XKFS generally invests substantially all, but at least 80%, of its total assets in the securities comprising the XKFS Index. In addition, XKFS may invest in equity securities that are not included in the XKFS Index, cash and cash equivalents or money market instruments,

such as repurchase agreements and money market funds (including money market funds advised by the Adviser).

The XKFS Index is comprised of U.S.-listed equity securities (including depositary receipts) of companies domiciled across developed and emerging markets worldwide which are included in the Future Security sector as determined by a classification standard produced by Kensho Technologies, Inc. (the "XKFS Index Provider"). The XKFS Index is designed to capture companies whose products and services are driving innovation behind future security. In particular, the XKFS Index comprises the components of the Kensho Cyber Security Index and the Kensho Smart Borders Index, and the military components of the Kensho Robotics Index, the Kensho Drones Index, the Kensho Space Index, the Kensho Wearables Index and the Kensho Virtual Reality Index (the "Underlying Indexes") as of the XKFS Index's annual reconstitution day on the third Friday in June, subject to the following liquidity thresholds for each component: (i) must be issued by a company with a minimum market capitalization of at least \$100 million as of the last selection day (either the first Friday of June or December) and (ii) must have a minimum three-month average daily traded value of at least \$1 million as of the last selection day (either the first Friday of June or December). The Kensho Cyber Security Index seeks to track companies that produce products and services that protect enterprises, homes and portable devices from unauthorized access via electronic means, or are a necessary component of the supply chain for such products and services. The Kensho Smart Borders Index seeks to track companies that produce products and services that secure borders and critical infrastructure, or are a necessary component of the supply chain for such products and services. The Kensho Robotics Index seeks to track companies that produce products and services to build robotic products and their subsystems, or are a necessary component of the supply chain for such products and services. The Kensho Drones Index seeks to track companies that produce products and services related to the remotely-operated or unmanned aerial drones market and related subsystems, or are a necessary component of the supply chain for such products and services. The Kensho Space Index seeks to track companies that produce products and services that enable space travel and exploration, or are a necessary component of the supply chain for such products and services. The Kensho Wearables Index seeks to track companies that produce products and services related to wearable technologies for consumer, military or medical uses, or are a necessary component of the supply chain for such products and services. The Kensho Virtual Reality Index seeks to track companies that produce products and services related to virtual or augmented reality activities, or are a necessary component of the supply chain for such products and services.

To determine the constituents of the Underlying Indexes, the XKFS Index Provider's classification standard utilizes an automated scan of company regulatory filings to identify specific search terms and phrases that describe a company as producing products and services related to the particular segment targeted by the Underlying Index. The resulting list of eligible securities for each Underlying Index is then filtered by eliminating companies that do not include in their regulatory filings a reference to a product or service that (i) is related to a search term or phrase and (ii) is used in a manner that is within the scope of the Underlying Index's objective. Each Underlying Index then screens the remaining securities to remove securities that are not listed on NYSE, NASDAQ, or CBOE exchanges (or an affiliate of one of those exchanges) or do not meet certain minimum liquidity thresholds. The XKFS Index Provider's Index Committee then reviews each remaining eligible constituent to verify the rules of the automated scan were implemented correctly.

Underlying Index constituents are then categorized as either "Core" or "Non-core." A company is categorized as Core if its products and services related to the Underlying Index's objective are

identified in its regulatory filings as a principal component of the company's strategy based on the prominence (e.g., location, frequency, context) of the disclosures regarding such products and services in such company's regulatory filings. All other companies are categorized as Non-Core, including companies whose products and services related to the Underlying Index's objective are identified as a non-principal component of the company's strategy or are identified as forming a necessary component of the supply chain of the segment targeted by the Underlying Index. An Index constituent categorized as Core by at least one of the Underlying Indexes will be categorized as Core for purposes of the XKFS Index. To tilt the XKFS Index's exposure toward Core Index Constituents, at the time of each rebalance the aggregate weighting of Core Index Constituents is based on the proportion of the number of Core Index Constituents, plus an overweight factor of up to 20%. At the time of each rebalance, each Core Index Constituent and Non-Core Index Constituent is equally weighted within the group of Core Index Constituents and Non-Core Index Constituents, respectively, subject to liquidity adjustments.

The XKFS Index universe is reconstituted annually on the third Friday of June. The XKFS Index is rebalanced semi-annually on the third Friday of June and December. As of November 30, 2017, the XKFS Index comprised 67 securities.

The XKFS Index Provider is not affiliated with XKFS or the Adviser. The XKFS Index Provider establishes and maintains rules which are used to determine the composition of the XKFS Index and relative weightings of the securities in the XKFS Index.

### **SPDR Kensho Smart Mobility ETF**

The SPDR Kensho Smart Mobility ETF ("XKST") seeks to provide investment results that, before fees and expenses, correspond generally to the total return performance of the Kensho Smart Transportation Index (the "XKST Index").

In seeking to track the performance of the XKST Index, XKST employs a sampling strategy, which means that XKST is not required to purchase all of the securities represented in the XKST Index. Instead, XKST may purchase a subset of the securities in the XKST Index in an effort to hold a portfolio of securities with generally the same risk and return characteristics of the XKST Index. The quantity of holdings in XKST will be based on a number of factors, including asset size of XKST. Based on its analysis of these factors, the Adviser may invest XKST's assets in a subset of securities in the XKST Index or may invest XKST's assets in substantially all of the securities represented in the XKST Index in approximately the same proportions as the XKST Index.

Under normal market conditions, XKST generally invests substantially all, but at least 80%, of its total assets in the securities comprising the XKST Index. In addition, XKST may invest in equity securities that are not included in the XKST Index, cash and cash equivalents or money market instruments, such as repurchase agreements and money market funds (including money market funds advised by the Adviser).

The XKST Index is comprised of U.S.-listed equity securities (including depositary receipts) of companies domiciled across developed and emerging markets worldwide which are included in the Smart Transportation sector as determined by a classification standard produced by Kensho Technologies, Inc. (the "Index Provider"). The XKST Index is designed to capture companies whose products and services are driving innovation behind smart transportation. In particular, the XKST

Index comprises the components of the Kensho Autonomous Vehicles Index, the Kensho Advanced Transport Systems Index and the civilian/commercially focused components of the Kensho Drones Index (the “Underlying Indexes”) as of the XKST Index's annual reconstitution day on the third Friday in June, subject to the following liquidity thresholds for each component: (i) must be issued by a company with a minimum market capitalization of at least \$100 million as of the last selection day (either the first Friday of June or December) and (ii) must have a minimum three-month average daily traded value of at least \$1 million as of the last selection day (either the first Friday of June or December). The Kensho Autonomous Vehicles Index seeks to track companies that build autonomous and connected vehicles and that provide the products and services that enable these vehicles to become more efficient and intelligent, or are a necessary component of the supply chain for such products and services. The Kensho Advanced Transport Systems Index seeks to track companies that produce products and services that optimize the efficiency of managing large fleets of vehicles, cargo transportation, and mass transit, or are a necessary component of the supply chain for such products and services. The Kensho Drones Index seeks to track companies that produce products and services related to the remotely-operated or unmanned aerial drones market and related subsystems, or are a necessary component of the supply chain for such products and services.

To determine the constituents of the Underlying Indexes, the XKST Index Provider's classification standard utilizes an automated scan of company regulatory filings to identify specific search terms and phrases that describe a company as producing products and services related to the particular segment targeted by the Underlying Index. The resulting list of eligible securities for each Underlying Index is then filtered by eliminating companies that do not include in their regulatory filings a reference to a product or service that (i) is related to a search term or phrase and (ii) is used in a manner that is within the scope of the Underlying Index's objective. Each Underlying Index then screens the remaining securities to remove securities that are not listed on NYSE, NASDAQ, or CBOE exchanges (or an affiliate of one of those exchanges) or do not meet certain minimum liquidity thresholds. The XKST Index Provider's Index Committee then reviews each remaining eligible constituent to verify the rules of the automated scan were implemented correctly.

Underlying Index constituents are then categorized as either “Core” or “Non-core.” A company is categorized as Core if its products and services related to the Underlying Index's objective are identified in its regulatory filings as a principal component of the company's strategy based on the prominence (e.g., location, frequency, context) of the disclosures regarding such products and services in such company's regulatory filings. All other companies are categorized as Non-Core, including companies whose products and services related to the Underlying Index's objective are identified as a non-principal component of the company's strategy or are identified as forming a necessary component of the supply chain of the segment targeted by the Underlying Index. An Index constituent categorized as Core by at least one of the Underlying Indexes will be categorized as Core for purposes of the XKST Index. To tilt the XKST Index's exposure toward Core Index Constituents, at the time of each rebalance the aggregate weighting of Core Index Constituents is based on the proportion of the number of Core Index Constituents, plus an overweight factor of up to 20%. At the time of each rebalance, each Core Index Constituent and Non-Core Index Constituent is equally weighted within the group of Core Index Constituents and Non-Core Index Constituents, respectively, subject to liquidity adjustments.

The XKST Index universe is reconstituted annually on the third Friday of June. The XKST Index is rebalanced semi-annually on the third Friday of June and December. As of November 30, 2017, the XKST Index comprised 37 securities.

The XKST Index Provider is not affiliated with XKST or the Adviser. The XKST Index Provider establishes and maintains rules which are used to determine the composition of the XKST Index and relative weightings of the securities in the XKST Index.

### **SPDR Kensho Intelligent Structures ETF**

The SPDR Kensho Intelligent Structures ETF (“XKII”) seeks to provide investment results that, before fees and expenses, correspond generally to the total return performance of the Kensho Intelligent Infrastructure Index (the “XKII Index”).

In seeking to track the performance of the XKII Index, XKII employs a sampling strategy, which means that XKII is not required to purchase all of the securities represented in the XKII Index. Instead, XKII may purchase a subset of the securities in the XKII Index in an effort to hold a portfolio of securities with generally the same risk and return characteristics of the XKII Index. The quantity of holdings in XKII will be based on a number of factors, including asset size of XKII. Based on its analysis of these factors, the Adviser may invest XKII's assets in a subset of securities in the XKII Index or may invest XKII's assets in substantially all of the securities represented in the XKII Index in approximately the same proportions as the XKII Index.

Under normal market conditions, XKII generally invests substantially all, but at least 80%, of its total assets in the securities comprising the XKII Index. In addition, XKII may invest in equity securities that are not included in the XKII Index, cash and cash equivalents or money market instruments, such as repurchase agreements and money market funds (including money market funds advised by the Adviser).

The XKII Index is comprised of U.S.-listed equity securities (including depository receipts) of companies domiciled across developed and emerging markets worldwide which are included in the Intelligent Infrastructure sector as determined by a classification standard produced by Kensho Technologies, Inc. (the “Index Provider”). The XKII Index is designed to capture companies whose products and services are driving innovation behind intelligent infrastructure. In particular, the XKII Index comprises the components of the Kensho Smart Grids Index and the Kensho Smart Buildings Index (the “Underlying Indexes”) as of the XKII Index's annual reconstitution day on the third Friday in June, subject to the following liquidity thresholds for each component: (i) must be issued by a company with a minimum market capitalization of at least \$100 million as of the last selection day (either the first Friday of June or December) and (ii) must have a minimum three-month average daily traded value of at least \$1 million as of the last selection day (either the first Friday of June or December). The Kensho Smart Grids Index seeks to track companies that provide next generation products and services related to power, water and transportation infrastructures, or are a necessary component of the supply chain for such products and services. The Kensho Smart Buildings Index seeks to track companies that produce products and services that enable buildings to become more connected, intelligent and adaptive, or are a necessary component of the supply chain for such products and services.

To determine the constituents of the Underlying Indexes, the XKII Index Provider's classification standard utilizes an automated scan of company regulatory filings to identify specific search terms and phrases that describe a company as producing products and services related to the particular segment targeted by the Underlying Index. The resulting list of eligible securities for each Underlying

Index is then filtered by eliminating companies that do not include in their regulatory filings a reference to a product or service that (i) is related to a search term or phrase and (ii) is used in a manner that is within the scope of the Underlying Index's objective. Each Underlying Index then screens the remaining securities to remove securities that are not listed on NYSE, NASDAQ, or CBOE exchanges (or an affiliate of one of those exchanges) or do not meet certain minimum liquidity thresholds. The XKII Index Provider's Index Committee then reviews each remaining eligible constituent to verify the rules of the automated scan were implemented correctly.

Underlying Index constituents are then categorized as either "Core" or "Non-core." A company is categorized as Core if its products and services related to the Underlying Index's objective are identified in its regulatory filings as a principal component of the company's strategy based on the prominence (e.g., location, frequency, context) of the disclosures regarding such products and services in such company's regulatory filings. All other companies are categorized as Non-Core, including companies whose products and services related to the Underlying Index's objective are identified as a non-principal component of the company's strategy or are identified as forming a necessary component of the supply chain of the segment targeted by the Underlying Index. An Index constituent categorized as Core by at least one of the Underlying Indexes will be categorized as Core for purposes of the XKII Index. To tilt the XKII Index's exposure toward Core Index Constituents, at the time of each rebalance the aggregate weighting of Core Index Constituents is based on the proportion of the number of Core Index Constituents, plus an overweight factor of up to 20%. At the time of each rebalance, each Core Index Constituent and Non-Core Index Constituent is equally weighted within the group of Core Index Constituents and Non-Core Index Constituents, respectively, subject to liquidity adjustments.

The XKII Index universe is reconstituted annually on the third Friday of June. The XKII Index is rebalanced semi-annually on the third Friday of June and December. As of November 30, 2017, the XKII Index comprised 45 securities.

The XKII Index Provider is not affiliated with XKII or the Adviser. The XKII Index Provider establishes and maintains rules which are used to determine the composition of the XKII Index and relative weightings of the securities in the XKII Index.

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 <https://www.spdrs.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), aerospace and defense companies risk, concentration risk, cyber security companies risk, cyber security companies risk, depository receipts risk, emerging markets risk, equity investing risk, indexing strategy/index tracking risk, industrial sector risk, large-capitalization securities risk, liquidity risk, market risk, mid-capitalization securities risk, non-diversification risk, non-U.S. Securities risk, small-capitalization securities risk, technology sector risk, and valuation 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
SPDR Kensho Future Security ETF	NYSE Arca	XKFS	XKFS.IV	XKFS.NV
SPDR Kensho Smart Mobility ETF	NYSE Arca	XKST	XKST.IV	XKST.NV
SPDR Kensho Intelligent Structures ETF	NYSE Arca	XKII	XKII.IV	XKII.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.**

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Inquiries regarding this Information Circular should be directed to:

- Ben Haskell, Listing Qualifications, at 301.978.8092
- NASDAQ / BX / PSX Market Sales, at 800.846.0477