



EDGA Exchange, Inc. & EDGX Exchange, Inc.			
Regulatory Information Circular			
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**Subject: PowerShares S&P Smallcap Low Volatility Portfolio
PowerShares S&P Midcap Low Volatility Portfolio**

Background Information on the Trust

As more fully explained in the [Registration Statement](#) (Nos. 333-138490 and 811-21977), PowerShares Exchange-Traded Fund Trust II (the "Trust") is registered under the Investment Company Act of 1940 (the "1940 Act") as an open-end management investment company that consists of separate exchange-traded funds ("ETFs" or the "Funds") including the two listed above. The Funds are registered investment companies.

Invesco PowerShares Capital Management LLC serves as the investment advisor for the Funds (the "Adviser"). Invesco Distributors, Inc. serves as the distributor of Creation Units for each Fund on an agency basis (the "Distributor"). BNY Mellon is the administrator, custodian and fund accounting and transfer agent for each Fund.

Ticker	Trust Name	CUSIP
XSLV	PowerShares S&P Smallcap Low Volatility Portfolio	73937B639
XMLV	PowerShares S&P Midcap Low Volatility Portfolio	73937B647

Description of the Funds

PowerShares S&P Smallcap Low Volatility Portfolio

The PowerShares S&P SmallCap Low Volatility Portfolio (the "Fund") seeks investment results that generally correspond (before fees and expenses) to the price and yield of the S&P SmallCap 600 Low Volatility Index (the "Underlying Index").

The Fund will invest at least 90% of its total assets in common stocks that comprise the Underlying Index. Standard & Poor's (the "Index Provider") compiles, maintains and calculates the Underlying Index. Strictly in accordance with its procedures and mandated guidelines, S&P selects for inclusion in the Underlying Index the 120 securities that it has determined have the lowest volatility over the past 12 months out of the 600 small capitalization range securities that

are contained in the S&P SmallCap 600 Index. Volatility is a statistical measurement of the magnitude of up and down asset price fluctuations over time. S&P weights the 120 securities within the Underlying Index based upon the inverse of each security's volatility, with the least volatile securities receiving the highest weights in the Underlying Index. S&P rebalances the Underlying Index quarterly and makes additions to the Underlying Index only during that quarterly rebalancing. The Fund generally invests in all of the securities comprising the Underlying Index in proportion to their weightings in the Underlying Index.

The Fund will concentrate its investments (i.e., invest more than 25% of the value of its net assets) in securities of issuers in any one industry or group of industries only to the extent that the Underlying Index reflects a concentration in that industry or group of industries. The Fund will not otherwise concentrate its investments in securities of issuers in any one industry or group of industries.

PowerShares S&P Midcap Low Volatility Portfolio

The PowerShares S&P MidCap Low Volatility Portfolio (the "Fund") seeks investment results that generally correspond (before fees and expenses) to the price and yield of the S&P MidCap 400 Low Volatility Index (the "Underlying Index").

The Fund generally will invest at least 90% of its total assets in common stocks that comprise the Underlying Index. Standard & Poor's (the "Index Provider") compiles, maintains and calculates the Underlying Index. Strictly in accordance with its procedures and mandated guidelines, S&P selects for inclusion in the Underlying Index the 80 securities that it has determined have the lowest volatility over the past 12 months out of the 400 medium capitalization range securities that are contained in the S&P MidCap 400 Index. Volatility is a statistical measurement of the magnitude of up and down asset price fluctuations over time. S&P weights the 80 securities within the Underlying Index based upon the inverse of each security's volatility, with the least volatile securities receiving the highest weights in the Underlying Index. S&P® rebalances the Underlying Index quarterly and makes additions to the Underlying Index only during that quarterly rebalancing. The Fund generally invests in all of the securities comprising the Underlying Index in proportion to their weightings in the Underlying Index.

The Fund will concentrate its investments (i.e., invest more than 25% of the value of its net assets) in securities of issuers in any one industry or group of industries only to the extent that the Underlying Index reflects a concentration in that industry or group of industries. The Fund will not otherwise concentrate its investments in securities of issuers in any one industry or group of industries.

As described more fully in the Funds' prospectuses ("Prospectus") and Statements of Additional Information ("SAI"), each Fund will issue and redeem shares ("Shares") at net asset value ("NAV") only in large blocks of 50,000 Shares or multiples thereof in exchange for the deposit or delivery of a basket of securities. Individual Shares of each Fund may only be purchased and sold on a national securities exchange through brokers. Shares of each Fund will trade at market prices rather than NAV. Therefore Shares of each Fund may trade at a price greater than, at or less than NAV.

Ordinarily, dividends from net investment income, if any, are declared and paid quarterly by the Funds. Each Fund distributes its net realized capital gains, if any, to shareholders annually. Distributions in cash may be reinvested automatically in additional whole Shares only if the broker through whom you purchased Shares makes such option available.

The Depository Trust Company (“DTC”) will serve as securities depository for the Shares, which may be held only in book-entry form; stock certificates will not be issued. DTC, or its nominee, is the record or registered owner of all outstanding Shares.

The NAV per Share of the Funds will be determined as of the close of trading (normally, 4:00 p.m. Eastern Time) on each day that the New York Stock Exchange (“NYSE”) is open for business. The NAV will be available from the Distributor and is also available to National Securities Clearing Corporation (“NSCC”) participants through data made available from NSCC. The IOPVs for the Funds’ shares are available from market data vendors under symbols XSLV.IV and XMLV.IV, respectively.

The Trust’s registration statement describes the various fees and expenses for the Funds’ Shares. For a more complete description of the Funds and the Indexes, visit www.invescopowershares.com.

Principal Risks

Interested persons are referred to the Prospectus for a description of risks associated with an investment in the Shares of each Fund. These risks include Equity Risk; Small Capitalization Company Risk; Medium Capitalization Company Risk; Industry Concentration Risk; Non-Correlation Risk; Index Risk; Non-Diversified Fund Risk; Market Risk and Market Trading Risk. In addition, as noted in the Prospectus, the Shares may trade at market prices that may differ from their NAV. The NAV of the Shares will fluctuate with changes in the market value of the Funds’ holdings. The market prices of the Shares will fluctuate in accordance with changes in NAV as well as the supply and demand for the Shares.

The Funds’ Prospectuses describing correlation and other risks is available at www.invescopowershares.com.

Trading Hours

Trading in the Shares on EDGA Exchange, Inc. and EDGX Exchange, Inc. (together, the “Exchanges”) is on a UTP basis and is subject to the Exchanges equity trading rules. The Shares will trade from 8:00 a.m. until 8:00 p.m. Eastern Time. Members trading the Shares during the Extended Market Sessions (Pre-opening and Post-closing sessions) are exposed to the risk of the lack of the calculation or dissemination of Index value or intraday indicative value (“IIV”). For certain derivative securities products, an updated Index value or IIV may not be calculated or publicly disseminated in the Extended Market hours. Since the Index value and IIV are not calculated or widely disseminated during Extended Market hours, an investor who is unable to

calculate implied values for certain derivative securities products during Extended Market hours may be at a disadvantage to market professionals.

Exchange Rules Applicable to Trading in the Shares

The Shares are considered equity securities, thus rendering trading in the shares subject to the Exchange's existing rules governing the trading of equity securities.

Trading Halts

The Exchanges will halt trading in the Shares in accordance with Exchange Rules 14.1(c)(4). The grounds for a halt under this Rule include a halt by the primary market because it stops trading the Shares and/or a halt because dissemination of the IIV or applicable currency spot price has ceased, or a halt for other regulatory reasons. In addition, the Exchanges will stop trading the Shares if the primary market de-lists the Shares.

Suitability

Trading in the Shares on the Exchanges will be subject to the provisions of Exchange Rules 3.7. Members 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 Exchange Rules 3.7.

Members also should review FINRA 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.

Delivery of a Prospectus

Pursuant to federal securities laws, investors purchasing Shares must receive a prospectus prior to or concurrently with the confirmation of a transaction. Investors purchasing Shares directly from the Trust (by delivery of the Deposit Amount) must also receive a prospectus.

Prospectuses may be obtained through the Distributor or on the Trust's [website](#). The Prospectus does not contain all of the information set forth in the registration statement (including the exhibits to the registration statement), parts of which have been omitted in accordance with the rules and regulations of the SEC. For further information about the Trust, please refer to the [Registration Statement](#).

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 Trust. Members are referred to the No-Action Letters, available at www.sec.gov, for additional information.

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 Commission issued a No-Action Letter by which persons participating in a distribution of shares of a fund may engage in secondary market transactions in such shares during their participation in such a distribution, despite the requirements of from Rule 101 under Regulation M. In addition, the SEC has permitted persons who may be deemed to be participating in the distribution of shares of a fund (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 Commission has clarified that the tender of fund shares to the fund for redemption does not constitute a bid for or purchase of any of the fund's securities during the restricted period of Rule 101. The Commission has issued a No-Action Letter relating to paragraph (e) of Rule 102 under Regulation M which allow the redemption of fund shares in creation unit aggregations during the continuous offering of shares.

SEC Rule 14e-5

The Commission has permitted any person acting as a dealer-manager of a tender offer for a component security of 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 has been issued under Rule 14e-5 states that if a broker-dealer acting as a dealer-manager of a tender offer for a security of the 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, it must be 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 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 Commission 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 a 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 (now FINRA) Rule 2830 (D)(5)(A), (B) or (C). See letter dated November 22, 2005 from Brian A Bussey, Assistant Chief Counsel, SEC Division of Market Regulation, to Barclays Global Investors, N.A., dated November 22, 2005. The Commission has issued a No-Action Letter under Section 11(d)(1) of the Act now states 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 Commission has issued a No-Action letter 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.

This Regulatory Information Circular is not a statutory Prospectus. Members should consult the Trust's [Registration Statement](#) and [website](#) for relevant information.