



<b>EDGA &amp; EDGX STOCK EXCHANGES</b>			
Regulatory Information Circular			
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**Subject: Sustainable North American Oil Sands ETF**

### **Background Information on the Funds**

As more fully explained in the [Registration Statement](#) (Nos. 811-22263 and 333-156529), Exchange Traded Concepts Trust (the “Trust”) is an open-management investment company registered under the Investment Company Act of 1940, as amended. The Trust consists of multiple investment series, including Sustainable North American Oil Sands ETF (the “Fund”). The shares of the Fund are referred to herein as “Shares”. The offering of the Fund’s Shares is registered under the Securities Act of 1933, as amended. The Fund is an actively-managed exchanged-traded fund (“ETF”).

Exchange Traded Concepts, LLC serves as the investment adviser to the Fund (the “Adviser”) and Index Management Solutions, LLC serves as the sub-adviser to the Fund (the “Sub Adviser”). Brown Brothers Harriman acts as the Custodian and Transfer Agent for the Fund. SEI Investments Distribution Co. is the distributor for the Fund (the “Distributor”). The Index provider is Sustainable Wealth (“Index Provider”).

### **Description of the Fund**

The Fund seeks to provide investment results that, before fees and expenses, correspond generally to the price and yield performance of the Sustainable North American Oil Sands Index<sup>®</sup> (the “Underlying Index”).

The Fund will normally invest at least 80% of its total assets in securities of the Index or in depositary receipts representing securities of the Underlying Index. The Underlying Index is designed to measure the performance of companies whose operations in the North American oil sands include oil exploration, production, refinement, marketing, storage, transportation, provision of equipment and/or provision of services (“Oil Sands Companies”). Under normal circumstances, the Fund will invest at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in securities of Oil Sands Companies.

The Fund employs a “passive management” investment strategy in seeking to achieve its investment objective. The Fund generally will use a replication methodology, meaning it will invest in all of the securities comprising the Underlying Index in proportion to the weightings in

the Underlying Index. However, the Fund may utilize a sampling methodology under various circumstances where it may not be possible or practicable to purchase all of the securities in the Underlying Index.

The Fund will concentrate its investments (*i.e.*, hold 25% or more of its total assets) in a particular industry or group of industries to approximately the same extent that the Underlying Index concentrates in an industry or group of industries. As of the date of the Prospectus, the Underlying Index was concentrated in the energy sector.

For more information on the Fund, see the Fund's [Prospectus](#).

The price of the Fund's Shares is based on market price, and because exchange-traded fund shares trade at market prices rather than net asset value ("NAV"), Shares may trade at a price greater than NAV (premium) or less than NAV (discount). The Fund issues and redeems Shares on a continuous basis, at NAV, only in blocks of 50,000 Shares ("Creation Units"), principally in-kind for securities included in the Index. Except when aggregated in Creation Units, the Fund's Shares are not redeemable securities.

Dividends from net investment income, if any, are declared and paid at least quarterly by the Trust. Distributions of net realized securities gains, if any, generally are declared and paid annually, but the Trust may make distributions on a more frequent basis for the Fund to improve index tracking or to comply with the distribution requirements of the Internal Revenue Code, in all events in a manner consistent with the provisions of the 1940 Act.

The Depository Trust Company ("DTC") serves 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 Fund will be determined as of the close of trading (normally, 4:00 p.m. Eastern Time ("ET")) on each day that EDGA Exchange, Inc. and EDGX Exchange, Inc. (the "Exchanges") are open for business. 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 Fund is subject to the risks identified in the prospectus. The Fund's [registration statement](#) describes the various fees and expenses for the Fund's Shares. For a more complete description of the Fund and its underlying portfolios, visit [www.swmetfs.com](http://www.swmetfs.com).

### **Principal Risks**

Interested persons are referred to the Prospectus for a description of risks associated with an investment in the Shares. These risks include Concentration Risk; Currency Risk; Oil and Energy Sector Risk; Foreign Securities Risk; Geographic Concentration Risk; Risks Related to Investing in Canada; Index Tracking Risk; Large-Capitalization Risk; Small and Mid-Capitalization Risk; Management Risk; Market Risk; and Passive Investment 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 Fund's 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 on the Exchange.

### **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 Hours**

Trading in the shares on EDGA Exchange, Inc. and EDGX Exchange, Inc. (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 underlying index value or intraday indicative value ("IIV"). For certain derivative securities products, an updated underlying index value or IIV may not be calculated or publicly disseminated in the Extended Market hours. Since the underlying 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.

### **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 EDGA and EDGX 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 Fund (by delivery of the Deposit Amount) must also receive a prospectus.

Prospectuses may be obtained through the Distributor or on the Fund'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 Fund, please refer to the Trust's registration statement.

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

The Commission has issued letters dated October 24, 2006, November 21, 2005 and August 17, 2001 (together, the "No- Action Letters") granting exemptive, interpretive and no-action relief from certain provisions of and rules under the Securities Exchange Act of 1934 for exchange-traded funds listed and traded on a registered national securities exchange that meet certain criteria. Members are referred to the No-Action Letters, available at [www.sec.gov](http://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:

- i. 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
- ii. 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
- iii. 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 (I)(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.

## **Rule 10b-17**

The Commission has granted an exemption from the requirements of Rule 10b-17 with respect to transactions in ETF shares, for ETFs registered as open-end management investment companies.

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

## Appendix A

<b>Ticker</b>	<b>Fund Name</b>	<b>CUSIP</b>
SNDS	Sustainable North American Oil Sands ETF	301505301