



EDGA & EDGX STOCK EXCHANGES			
Regulatory Information Circular			
Circular Number:	2011-081	Contact:	Jeff Rosenstock
Date:	June 16, 2011	Telephone:	(201) 942-8295

**Subject: PowerShares Fundamental Pure Large Growth Portfolio  
PowerShares Fundamental Pure Large Value Portfolio**

### **Background Information on the Fund**

As more fully explained in the Registration Statement (Nos. 333-102228 and 811-21265), PowerShares Exchange-Traded Fund Trust ("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 (each, a "Fund" and collectively, the "Funds"). The Fund is registered investment companies and exchange-traded "index funds" ("ETFs"). The shares of the Fund are referred to herein as "Shares."

### ***PowerShares Fundamental Pure Large Growth Portfolio***

The PowerShares Fundamental Pure Large Growth Portfolio ("Fund") will normally invest at least 80% of its total assets in common stocks of fundamentally large companies. The Fund considers "fundamentally large" companies to be those companies that comprise the Underlying Index. The Fund will invest at least 90% of its total assets in the component securities that comprise the Underlying Index. The Underlying Index is comprised of common stocks of "large growth" U.S. companies (including real estate investment trusts ("REITs")), as classified by Research Affiliates, LLC ("Research Affiliates®" or the "Index Provider"), based on the Index Provider's Fundamental Index® methodology. The Index Provider selects the common stocks to be included in the Underlying Index from a universe comprised of the 2,500 largest U.S. companies. In the selection of the common stocks, the Index Provider uses fundamental measures of company size, rather than market capitalization (company share price multiplied by number of shares outstanding). The Index Provider uses the following fundamental measures to select common stocks for inclusion in the Underlying Index: book value, income, sales and dividends. A composite fundamental weight is calculated for each common stock by equally weighting the four fundamental measures. The Index Provider then ranks each common stock by its fundamental weight and, based on this ranking, the common stocks are divided into three size groups: "large," "mid" and "small." The common stocks ranked in the top 70% of the eligible universe by fundamental weight comprise the "large" size group, the next 20% comprise the "mid" size group, and the final 10% comprise the "small" size group. The "large" size group is then further divided by the Index Provider into "growth," "core" or "value" subsets based on the Fundamental Index® methodology style score, which uses a combination of fundamental growth rates and fundamental valuation ratios. The Underlying Index is comprised only of those common stocks classified by the Index Provider as both "large" and "growth."

The use of the word "Pure" in the Fund's name signifies a particular type of style (i.e., "growth"

or "value") investing, where a particular stock is classified as either "growth" or "value," but not both. Whereas traditionally "growth" funds in the marketplace have in practice also included some stocks that would be considered "value" stocks in their portfolios, the Fund, in tracking the Underlying Index, intends to principally invest exclusively in "growth" stocks. Accordingly, the Fund's "pure growth" portfolio will differ from a traditional "growth" portfolio because the Fund's portfolio will not include "value" stocks.

The Fund will generally invest in all of the securities comprising its Underlying Index in proportion to their weightings in the Underlying Index.

As of the date of the Prospectus, a significant percentage (i.e., greater than 15%) of the Underlying Index was comprised of companies in the technology and consumer staples sectors. The technology sector includes companies that are principally engaged in the business of providing technology-related products and services, including computer hardware and software, Internet, electronics and semiconductors and communication technologies. The consumer staples sector includes companies that are principally engaged in the business of providing consumer goods and services that have non-cyclical characteristics, including tobacco, textiles, food and beverage, and non-discretionary retail. Sector allocation is not a factor in the construction of the Underlying Index and, accordingly, the Underlying Index's allocations to any particular sector may increase or decrease over time.

### ***PowerShares Fundamental Pure Large Value Portfolio***

The Fund will normally invest at least 80% of its total assets in common stocks of fundamentally large companies. The Fund considers "fundamentally large" companies to be those companies that comprise the Underlying Index. The Fund will invest at least 90% of its total assets in the component securities that comprise the Underlying Index. The Underlying Index is comprised of common stocks of "large value" U.S. companies (including real estate investment trusts ("REITs")), as classified by the Index Provider, based on the Index Provider's Fundamental Index® methodology. The Index Provider selects the common stocks to be included in the Underlying Index from a universe comprised of the 2,500 largest U.S. companies, as described above. The Index Provider then ranks each common stock by its fundamental weight and, based on this ranking, the common stocks are divided into three size groups: "large," "mid" and "small." The common stocks ranked in the top 70% of the eligible universe by fundamental weight comprise the "large" size group, the next 20% comprise the "mid" size group, and the final 10% comprise the "small" size group. The "large" size group is then further divided by the Index Provider into "growth," "core" or "value" subsets based on the Fundamental Index® methodology style score, which uses a combination of fundamental growth rates and fundamental valuation ratios. The Underlying Index is comprised only of those common stocks classified by the Index Provider as both "large" and "value."

The use of the word "Pure" in the Fund's name signifies a particular type of style (i.e., "growth" or "value") investing, where a particular stock is classified as either "growth" or "value," but not both. Whereas traditionally "value" funds in the marketplace have in practice also included some stocks that would be considered "growth" stocks in their portfolios, the Fund, in tracking the Underlying Index, intends to principally invest exclusively in "value" stocks. Accordingly, the Fund's "pure value" portfolio will differ from a traditional "value" portfolio because the Fund's portfolio will not include "growth" stocks.

The Fund will generally invest in all of the securities comprising its Underlying Index in proportion to their weightings in the Underlying Index.

As of the date of the Prospectus, a significant percentage (i.e., greater than 15%) of the Underlying Index was comprised of companies in the financial services and energy sectors. The financial services sector includes companies that are principally engaged in the business of providing services and products, including banking, investment services, insurance and real estate finance services. The energy sector includes companies that are principally engaged in the business of producing, distributing or servicing energy-related products, including oil and gas exploration and production, refining, oil services, pipeline, and solar, wind and other non-oil based energy. Sector allocation is not a factor in the construction of the Underlying Index and, accordingly, the Underlying Index's allocations to any particular sector may increase or decrease over time.

Invesco PowerShares Capital Management, LLC is the investment adviser to the Funds. Invesco Distributors, Inc. is the distributor for the Funds ("Distributor"). The Bank of New York Mellon is the custodian, administrator, fund accounting agent and transfer agent for the Funds.

As described more fully in the Trust's prospectus ("Prospectus") and Statement of Additional Information ("SAI"), Authorized Participants ("APs") may acquire Shares directly from the Funds, and shareholders may tender their Shares for redemption directly to the Funds, at NAV per Share only in large blocks of 50,000 Shares (each block of shares called a "Creation Unit") or multiple thereof ("Creation Unit Aggregations"), and in accordance with the procedures described in the SAI.

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 for the Funds will be determined each business day, normally at the close of regular trading (ordinarily, 4:00 p.m. Eastern Standard Time ("ET")) on the Exchanges. NAV is calculated by dividing the value of the net assets of a Fund (i.e., the total value of its assets less all liabilities) by the number of Shares outstanding, rounded to the nearest cent. NAV will be available from the Distributor and will also be available to National Securities Clearing Corporation ("NSCC") participants through data made available from NSCC.

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 underlying index, visit [www.InvescoPowerShares.com](http://www.InvescoPowerShares.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 "fundamentally large" company risk, concentration risk, consumer staples sector risk, energy sector risk, equity risk, financial services sector risk, growth investing style risk, non-correlation risk, non-diversified fund risk, REIT risk, replication management risk, technology sector risk, value investing style risk and the risk that a Fund's return may not match the return of its index for a number of reasons including the incursion by a Fund of operating expenses and costs not applicable to its index. 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.

### **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 and EDGX Exchanges (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 21, 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. ETP Holders are referred to the full text of 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 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 Commission has issued a No-Action Letter relating 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.

## **SEC Rule 14e-5**

The Commission has permitted any person acting as a dealer-manager of a tender offer for a component security of funds (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.

### **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 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 stating 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>
PXLG	PowerShares Fundamental Pure Large Growth Portfolio	739371102
PXLV	PowerShares Fundamental Pure Large Value Portfolio	739371201