



EDGA & EDGX STOCK EXCHANGES			
Regulatory Information Circular			
Circular Number:	2011-084	Contact:	Jeff Rosenstock
Date:	June 17, 2011	Telephone:	(201) 942-8295

**Subject: PIMCO 0-5 Year High Yield Corporate Bond Index Fund**

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

As more fully explained in the Registration Statement (No. 811-22250), PIMCO ETF Trust ("Trust") is registered under the Investment Company Act of 1940 as an open-end management investment company that consists of separate exchange-traded funds, of which the PIMCO 0-5 Year High Yield Corporate Bond Index Fund, (the "Fund") is one portfolio. The Fund is an exchange-traded index fund ("ETF"). The shares of the Funds are referred to herein as "Shares."

The PIMCO 0-5 Year High Yield Corporate Bond Index Fund (the "Fund") seeks to provide total return that closely corresponds, before fees and expenses, to the total return of The BofA Merrill Lynch 0-5 Year US High Yield Constrained Index<sup>SM</sup> (the "Underlying Index"). The Fund seeks to achieve its investment objective by investing under normal circumstances at least 80% of its total assets (exclusive of collateral held from securities lending) in the component securities ("Component Securities") of the Underlying Index. The Fund may invest the remainder of its assets in Fixed Income Instruments that are not Component Securities, but which PIMCO believes will help the Fund track its Underlying Index, as well as in cash and investment grade, liquid short-term instruments, forwards or derivatives, such as options, futures contracts or swap agreements, and shares of affiliated bond funds. "Fixed Income Instruments" include bonds, debt securities and other similar instruments issued by various U.S. and non-U.S. public- or private-sector entities. The average portfolio duration of this Fund will closely correspond to the duration of its Underlying Index, which as of May 31, 2011 was 2.16 years.

The Underlying Index is an unmanaged index comprised of U.S. dollar denominated below investment grade corporate debt securities publicly issued in the U.S. domestic market with remaining maturities of less than 5 years. Underlying Index constituents are capitalization weighted, based on their current amount outstanding, provided the total allocation to an individual issuer does not exceed 2%. As of May 31, 2011, there were 787 issues in the Underlying Index. The securities comprising the Underlying Index have a below investment grade rating (based on an average of the ratings of Moody's, S&P and Fitch) and a country of risk exposure to investment grade countries that are members of the FXG10, Western Europe or territories of the U.S. and Western Europe. Country ratings are based on an average of Moody's, S&P and Fitch foreign currency long term sovereign debt ratings. For each issuer, the country of risk is the principal place of business derived from management location, country of primary listing, location of sales and reporting currency. In addition, qualifying securities must have a minimum \$100 million of outstanding face value and a fixed coupon schedule.

PIMCO serves as the investment manager and adviser for the Fund. PIMCO Investments LLC is the distributor for the Fund. State Street Bank & Trust Co. is the custodian and transfer agent for the Fund.

As described more fully in the Fund's prospectus ("Prospectus") and Statement of Additional Information ("SAI"), individual Fund shares may only be purchased and sold on a national securities exchange through a broker-dealer and may not be purchased or redeemed directly with the Fund. The price of Fund shares is based on market price, and because ETF shares trade at market prices rather than net asset value ("NAV"), shares may trade at a price greater than NAV (a premium) or less than NAV (a discount). The Fund will only issue or redeem shares at NAV that have been aggregated into blocks of 100,000 shares or multiples thereof ("Creation Units") with certain large institutional investors who have entered into agreements with the Fund's Distributor ("Authorized Participants").

The Fund distributes substantially all of its net investment income to shareholders in the form of dividends. The Fund intends to declare and distribute income dividends monthly to shareholders of record. The Fund distributes any net capital gains it earns from the sale of portfolio securities to shareholders no less frequently than annually. Net short-term capital gains may be paid more frequently. Dividend payments are made through DTC participants and indirect participants to beneficial owners then of record with proceeds received from a Fund.

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 Fund will be determined as of the close of trading (normally, 4:00 p.m. Eastern Time ("ET")) on each day that 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 Trust's registration statement describes the various fees and expenses for the Fund's Shares. For a more complete description of the Fund and the Underlying Index, visit [www.pimcoetfs.com](http://www.pimcoetfs.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 market trading risk, inflation-indexed security risk, interest rate risk, credit risk, high-yield risk, market risk, liquidity risk, issuer risk, derivatives risk, mortgage-related and other asset-backed risk, foreign (non-U.S.) investment risk, emerging markets risk, issuer non-diversification risk, leveraging risk, management and tracking error risk, indexing risk and the risk that the Fund's return may not match the return of its index for a number of reasons including the incursion by the Fund of operating expenses and costs not applicable to its index. 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 April 9, 2007, 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 should refer 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.

### **Rules 101 and 102 of Regulation M**

Based on representations made by the issuer in the letter requesting no-action relief, the Division confirmed in the No-Action Letter that the Trust is excepted under paragraph (c)(4) of Rule 101 of Regulation M with respect to the New Series thus permitting persons who may be deemed to be participating in a distribution of Shares of each of the New Series to bid for or purchase such Shares during their participation in such distribution.

In addition the Division confirmed the interpretation of Rule 101 of Regulation M that a redemption of Creation Unit size aggregations of Shares of the New Shares and the receipt of Portfolio Securities in exchange therefor by a participant in a distribution of Shares of the New Shares would not constitute an "attempt to induce any person to bid for or purchase a covered security, during the applicable restricted period" within the meaning of Regulation M, therefore would not violate Regulation M.

Based on representations made by the issuer in the letter requesting no-action relief, the Division confirmed in the No-Action Letter that the Trust is excepted under paragraph (d)(4) of Rule 102 of Regulation M with respect to the New Series, thus permitting the New Series to redeem Shares of each of the New Series during the continuous offering of such shares.

### **Rule 10b-17**

Rule 10b-17, with certain exceptions, requires an issuer of a class of publicly traded securities to give notice of certain specified actions (for example, a dividend distribution, stock split, or rights offering) relating to such class of securities in accordance with Rule 10b-17(b).

Based on representations made by the issuer in the letter requesting no-action relief, the Commission granted an exemption from the requirements of Rule 10b-17 to the Trust with respect to the transactions in the Shares.

**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>
HYS	PIMCO 0-5 High Yield Corporate Bond Index Fund	72201R783