



<b>EDGA Exchange, Inc. &amp; EDGX Exchange, Inc.</b>			
<b>Regulatory Information Circular</b>			
<b>Circular Number:</b>	2013-090	<b>Contact:</b>	Jeff Rosenstock
<b>Date:</b>	October 22, 2013	<b>Telephone:</b>	(201) 942-8295

**Subject: Robo-Stox Global Robotics and Automation Index ETF**

**Background Information on the Fund**

As more fully explained in the [Registration Statement](#) (File Nos. 333-156529 and 811-22263) for the Exchange Traded Concepts Trust (the “Trust”), is a management investment company registered under the Investment Company Act of 1940 as amended, consisting of several investment portfolios, including the fund listed above (the “Fund”). The shares of the Fund are referred to herein as “Shares”.

Exchange Traded Concepts, LLC serves as the investment adviser to the Fund (the “Adviser”). Index Management Solutions, LLC serves as the sub-adviser to the Fund (the “Sub-Adviser”). SEI Investments Global Funds Services serves as the Fund’s administrator (the “Administrator”). Brown Brothers Harriman & Co. serves as the Fund’s custodian and transfer agent (the “Custodian”). SEI Investments Distribution Co. is the distributor (the “Distributor”) of the Shares of the Fund. The index provider is Robo-Stox LLC (the “Index Provider”).

<b>Ticker</b>	<b>Fund Name</b>	<b>CUSIP</b>
ROBO	Robo-Stox Global Robotics and Automation Index ETF	301505707

**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 Robo-Stox Global Robotics and Automation Index (the “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 Index. The Index is designed to measure the performance of robotics-related and/or automation-related companies. Companies eligible for inclusion in the Index will derive a portion of revenues and profits from robotics-related and/or automation-related products and/or services, as determined by the Index Provider (“Robotics and Automation Companies”). Such products and/or services include any technology, service or device that supports, aids or contributes, in any capacity, to any type of robot, robotic action and/or automation system process, software or management. Examples of such products and/or services include unmanned vehicles, software that enables virtualized product design and

implementation, three-dimensional printers, navigation systems, and medical robots or robotic instruments. 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 Robotics and Automation Companies. This investment policy may be changed without shareholder approval, upon 60 days' notice to shareholders.

Eligible Index components are common and preferred equity securities of Robotics and Automation Companies that have a market capitalization exceeding \$200 million at the time of inclusion on the Index and a minimum trailing 1-year average daily volume of \$200,000. Index components are selected from a proprietary database of Robotics and Automation Companies that are organized into four general categories: industrial robots; service robots for government and corporate use; service robots for personal and private use; and ancillary businesses related to robotics and automation. Each category's representation in the Index varies, and one category may represent the entire Index at any given time. The Index consists of a mix of "bellwether" stocks, securities which the Index Provider believes are indicative of the performance of Robotics and Automation Companies as a whole, and "non-bellwether" stocks, securities of companies that have a distinct segment of their business involved in robotics-related and/or automation-related products and/or services, that the Index Provider believes will drive higher revenues as such products and/or services expand. Index components are generally weighted 40% bellwether stocks and 60% non-bellwether stocks at the time of the Index rebalance. The Index consists of securities of both U.S. and foreign issuers, including securities of issuers located in emerging market countries. The Index Provider expects, under normal circumstances, at least 40% of the Index components to represent securities of non-U.S. issuers. As of the date of this prospectus, a significant portion of the Index consists of securities of Japanese issuers. The Index is rebalanced and additions are made quarterly. Deletions from the Index may be made at any time due to changes in business, mergers, acquisitions, bankruptcies, suspensions, de-listings and spin-offs, or for other reasons as determined at the sole discretion of the Index Provider. The Index is unmanaged and cannot be invested in directly.

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 Index in proportion to the weightings in the 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 Index. The Adviser expects that over time, if the Fund has sufficient assets, the correlation between the Fund's performance, before fees and expenses, and that of the Index will be 95% or better. A figure of 100% would indicate perfect correlation.

The Fund may invest up to 20% of its assets in investments that are not included in the Index, but which the Adviser believes will help the Fund track the Index. Such investments include cash and cash equivalents, including money market funds.

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 Index concentrates in an industry or group of industries. As of the date of the Fund's prospectus, the Underlying Index is concentrated in the technology and industrials sectors.

The Index Provider is not affiliated with the Fund, the Adviser or the Sub-Adviser. The Index Provider developed the methodology for determining the securities to be included in the Index and for the ongoing maintenance of the Index. The Index is calculated by S&P Dow Jones Indices LLC, which is not affiliated with the Fund, the Adviser or the Sub-Adviser.

For additional information regarding the Fund's investment strategies, consult the prospectus (the "Prospectus") and the Trust's [Registration Statement](#).

### **Purchase and Redemption of Shares**

As described more fully in the Fund's Prospectus, the Fund will issue (or redeem) Shares to certain institutional investors (typically market makers or other broker-dealers) only in large blocks of 50,000 Shares known as "Creation Units." 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 Fund. The Fund generally issues and redeems Creation Units in exchange for a portfolio of fixed income securities closely approximating the holdings of the Fund or a designated basket of non-U.S. currency and/or an amount of U.S. cash.

Dividends from net investment income, if any, are declared and paid at least annually by the fund. Dividends from net realized securities gains, if any, generally are declared and paid annually.

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 the primary listing exchange is open for business. NAV is calculated by dividing the value of the net assets of each Fund (i.e., the total value of each Fund's assets less all liabilities) by the total number of Shares outstanding of each Fund. NAV will be available from the distributor and is also available to National Securities Clearing Corporation ("NSCC") participants through data made available by 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.exchangetradedconcepts.com](http://www.exchangetradedconcepts.com).

### **Principal Risks**

Interested persons are referred to the applicable Prospectus for a description of risks associated with an investment in the Shares. Risks include: common stock risk, currency exchange rate risk, early close/trading halt risk, emerging markets securities risk, foreign securities risk, geographic investment risk, investing in Japan risk, index tracking risk, industry concentration risk, industrial sector risk, issuer-specific risk, large-capitalization risk, liquidity risk, management risk, market risk, micro-capitalization risk, non-diversification risk, passive

investment risk, preferred securities risk, robotics and automation companies risk, small and mid-capitalization risk and technology sector risk. The NAV of the Shares will fluctuate with changes in the market value of the Fund's holdings while the market prices of the Shares will fluctuate in accordance with changes in NAV as well as the supply and demand for the Shares.

For more complete information about the principal risks of investing in Fund, consult [Registration Statement](#).

### **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 (Preopening 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.

### **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 of a Trust 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 of a Trust 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 and Fund please refer to 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](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 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.

## **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 Units 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 the Fund for purposes of purchasing creation unit aggregations (“Deposit Securities”) or the identity, number and price of shares to be delivered by the Trust 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); and
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**

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 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(l)(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 t herein.

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