



<b>EDGA &amp; EDGX STOCK EXCHANGES</b>			
Regulatory Information Circular			
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**Subject: ProShares Ultra DJ-AIG Commodity  
ProShares UltraShort DJ-AIG Commodity  
ProShares Ultra DJ-AIG Crude Oil  
ProShares UltraShort DJ-AIG Crude Oil  
ProShares Ultra Euro  
ProShares UltraShort Euro**

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

As more fully explained in the Registration Statement (No. 333-146801) for the Trust, the Trust is organized into separate series. The Trust currently consists of 14 separate series will issue common units of beneficial interest (“Shares”), which represent units of fractional undivided beneficial interest in and ownership of only that Fund. Each Fund’s Shares are being offered separately.

### **Investment objectives of the “Ultra ProShares”:**

Each “Ultra” Fund will seek daily investment results (before fees and expenses) that correspond to twice (200%) the daily performance, whether positive or negative, of its corresponding benchmark. Expenses may include, among other things, costs related to the purchase, sale and storage of commodities or currencies and the cost of leverage, all of which may be embedded in financial instruments used by that Fund. If an “Ultra” Fund is successful in meeting its objective, its value on a given day (before fees and expenses) should gain approximately twice as much on a percentage basis as its corresponding benchmark when the benchmark rises on a given day. Conversely, its value on a given day (before fees and expenses) should lose approximately twice as much on a percentage basis as the corresponding benchmark when the benchmark declines on a given day. An Ultra Fund will acquire long exposure in any one of or combinations of Financial Instruments, including Financial Instruments with respect to the applicable Ultra Fund’s benchmark such that each Ultra Fund has approximately 200% exposure to the corresponding benchmark at the time of the NAV calculation.

### **Investment objectives of the “UltraShort ProShares”:**

Each “UltraShort” Fund will seek daily investment results (before fees and expenses) that correspond to twice (200%) the inverse (opposite) of the daily performance, whether positive or negative, of its corresponding benchmark. Expenses may include, among other things, expenses related to the purchase, sale and storage of commodities or currencies and the cost of leverage, all of which may be embedded in financial instruments used by that Fund. If an “UltraShort” Fund is successful in meeting its objective, its value on a given day (before fees and expenses) should gain approximately twice as much on a percentage basis as its

corresponding benchmark when the benchmark falls on a given day. Conversely, its value on a given day (before fees and expenses) should lose approximately twice as much on a percentage basis as the corresponding benchmark when the benchmark rises on a given day. An UltraShort Fund will acquire short exposure in any one of or combinations of Financial Instruments, including Financial Instruments with respect to the applicable UltraShort Fund's benchmark such that each UltraShort Fund has approximately 200% exposure to the corresponding benchmark at the time of the NAV calculation.

ProShare Capital Management LLC will serve as the Trust's sponsor, commodity pool operator and commodity trading advisor. Brown Brothers Harriman & Co. will serve as the administrator, custodian and transfer agent of each Fund and its Shares. SEI Investments Distribution Co. will serve as distributor of the Shares.

As described more fully in the Trust's Prospectus and Statement of Additional Information ("SAI"), each Fund issues and redeems shares at their net asset value ("NAV") only in large blocks of 50,000 Shares (each block of 50,000 Shares called a "Creation Unit"). Creation Units may be created or redeemed only by Authorized Participants. Except when aggregated in Creation Units, the Shares are not redeemable securities. Authorized Participants pay a fixed and variable transaction fee in connection with each order to create or redeem a Creation Unit. Authorized Participants may sell the Shares included in the Creation Units they purchase from the Funds to other investors. The form of Authorized Participant Agreement and related Authorized Participant Handbook sets forth the procedures for the creation and redemption of Creation Units of Shares and for the delivery of cash required for such creations or redemptions.

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 will be calculated at the following times on each day that the Exchange is open for business (a "Business Day"):

**Exchange-Traded Funds**

ProShares Ultra DJ-AIG Commodity  
ProShares UltraShort DJ-AIG Commodity  
ProShares Ultra DJ-AIG Crude Oil  
ProShares UltraShort DJ-AIG Crude Oil  
ProShares Ultra Euro  
ProShares UltraShort Euro

**NAV Calculation Time**

2:30 p.m. (Eastern Time)  
2:30 p.m. (Eastern Time)  
2:30 p.m. (Eastern Time)  
2:30 p.m. (Eastern Time)  
4:00 p.m. (Eastern Time)  
4:00 p.m. (Eastern Time)

The NAV is available from the Trust and the Exchange and is also available to National Securities Clearing Corporation ("NSCC") participants through data made available from NSCC.

The Trusts registration statement describes the various fees and expenses for the Fund's shares. For a more complete description of the Funds and the Indexes, visit [www.proshares.com](http://www.proshares.com).

## **Purchases and Redemptions in Creation Unit Size**

Members are hereby informed that procedures for purchases and redemptions of Shares in Creation Units are described in the Trust's Prospectus and Statement of Additional Information and that Shares are not individually redeemable but are redeemable only in Creation Unit aggregations or multiples thereof. As described in the Prospectus, Creation Units are issued and redeemed for cash.

## **Principal Risks**

Interested persons are referred to the Trust's Prospectus for a description of risks associated with an investment in the Shares. These risks include, but are not limited to, the risk that each Fund's investment strategy may subject such Fund to greater changes to the value of portfolio holdings and imperfect correlation to the relevant Underlying Index. Each Fund may also not correlate to the relevant underlying asset for a number of reasons including the incursion by the Fund of operating expenses and costs associated with the use of leveraged investment techniques.

Over time, the cumulative percentage increase or decrease in the NAV of a Fund may diverge significantly from the cumulative percentage increase or decrease in the multiple return of the Underlying Index due to the compounding effect of losses and gains on the returns of a Fund. In addition, as noted in the Prospectus, the Shares 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 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.

## **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 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.

## **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 exemptive, interpretive and no-action relief from certain provisions of and rules under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), regarding trading in the Shares, which is summarized below. As this is only a summary of the relief granted by the SEC, the Exchange also advises interested members to consult the Letter dated June 21, 2006 ("June 21, 2006 Letter") from Racquel L. Russell, Esq., Branch Chief, Division of Market Regulation, to George T. Simon, Foley & Lardner LLP, and Letter dated January 19, 2006 ("January 19, 2006 Letter") from James A Brigagliano, Assistant Director, SEC Division of Market Regulation to Michael Schmidtberger, Sidley, Austin, Brown & Wood, for more complete information regarding the trading practices relief granted by the SEC. The Trust Sponsor is relying on the June 21, 2006 Letter regarding Rules 101 and 102 of Regulation M under the Exchange Act, and is relying on the January 19, 2006 Letter regarding Section 11(d)(1) of the Exchange Act and Rule 11d1-2 thereunder. A description of the SEC's exemptive relief follows; however, in the event of any discrepancy between this description and the SEC Letters referred to above, the text of the SEC Letters controls.

## **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 Commission 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 Funds' 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.

### **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 21, 2005 from Catherine McGuire, Chief Counsel, SEC Division of Market Regulation, to Securities Industry Association, Derivative Products Committee. The Commission has issued a No-Action Letter under Section 11(d)(1) of the Act 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.

**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>
UCD	ProShares Ultra DJ-AIG Commodity

<b>Ticker</b>	<b>Fund Name</b>
CMD	ProShares UltraShort DJ-AIG Commodity

<b>Ticker</b>	<b>Fund Name</b>
UCO	ProShares Ultra DJ-AIG Crude Oil

<b>Ticker</b>	<b>Fund Name</b>
SCO	ProShares UltraShort DJ-AIG Crude Oil

<b>Ticker</b>	<b>Fund Name</b>
ULE	ProShares Ultra Euro

<b>Ticker</b>	<b>Fund Name</b>
EUO	ProShares UltraShort Euro