



| EDGA & EDGX STOCK EXCHANGES     |               |            |                 |
|---------------------------------|---------------|------------|-----------------|
| Regulatory Information Circular |               |            |                 |
| Circular Number:                | 2010-569      | Contact:   | Jeff Rosenstock |
| Date:                           | July 21, 2010 | Telephone: | (201) 942-8295  |

**Subject: WCM/BNY Mellon Focused Growth ADR ETF**

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

As more fully explained in the Registration Statement (Nos. 811-22110 and 333-157876) for AdvisorShares Trust ("Trust"), the Trust is an open-end management investment company registered under the Investment Company Act of 1940, as amended ("1940 Act"). The Trust currently consists of four investment portfolios including the WCM/BNY Mellon Focused Growth ADR ETF (the "Fund").

According to the Fund's Prospectus, the Fund's investment objective is long-term capital appreciation above international benchmarks such as the BNY Mellon Classic ADR Index, the Fund's primary benchmark, and the MSCI EAFE Index, the Fund's secondary benchmark. WCM seeks to achieve the Fund's investment objective by selecting a portfolio of U.S. traded securities of non-U.S. organizations included in the BNY Mellon Classic ADR Index. The BNY Mellon Classic ADR Index predominantly includes American Depositary Receipts ("ADRs") and in addition includes other Depositary Receipts ("DRs"), which include Global Depositary Receipts, Euro Depositary Receipts and New York Shares.

AdvisorShares Investments, LLC (the "Advisor") serves as the investment advisor to the Fund. WCM Investment Management is the sub-advisor to the Fund ("WCM" or the "Sub- Advisor"). The Fund is an actively managed exchange-traded fund ("ETF") and thus does not seek to replicate the performance of a specified index.

Forside Fund Services, LLC (the "Distributor") is the principal underwriter and distributor of the Fund's shares. The Bank of New York Mellon is the administrator, custodian, transfer agent and fund accounting agent for the Fund.

The Fund issues and redeems shares on a continuous basis at the net asset value ("NAV") only in a large specified number of shares called a "Creation Unit." The shares of the Fund are "created" at their NAV by market makers, large investors and institutions only in block-size Creation Units of 25,000 shares. A "creator" enters into an authorized participant agreement ("Participant Agreement") with the Distributor or uses a Depository Trust Company ("DTC") participant who has executed a Participant Agreement (an "Authorized Participant"), and deposits into the Fund a portfolio of securities closely approximating the holdings of the Fund and a specified amount of cash, together totaling the NAV of the Creation Unit(s), in exchange for 25,000 shares of the Fund (or multiples thereof). Except when aggregated in Creation Units, the Shares are not redeemable securities of the Fund.

Dividends from net investment income are declared and paid at least annually by the Fund.

## **Principal Risks**

Interested persons are referred to the Prospectus for a description of risks associated with an investment in the Shares. These risks include foreign markets risk and currency 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 Securities**

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.

## **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 a letter dated June 18, 2010 ("No Action Letter") granting exemptive, interpretive and no-action relief from certain provisions of Rules 101 and 102 of Regulation M under the Securities Exchange Act of 1934 ("1934 Act") and Rule 10b-17 under the 1934 Act. Members are referred to the full text of the No-Action Letter and the letter from W. John McGuire, Morgan, Lewis & Bockius LLP, dated June 18, 2010 to the Commission ("Request Letter"), 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 No-Action Letter provides an exception under paragraph (c)(4) of Rule 101 of Regulation M to allow 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 No Action Letter confirms the interpretation of Regulation M of Rule 101 that a redemption of a Creation Unit size aggregation of Shares of the Fund and the receipt of In-Kind Redemption Securities in exchange, therefore by a participant in a distribution of Shares of the Fund would not constitute an "attempt to induce any person to benefit or purchase a covered security during the applicable restricted period" within the meaning of Regulation M and therefore would not violate Regulation M. The No- Action Letter also provides an exception under paragraph (d)(4) of Rule 102 under Regulation M to allow the redemption of Fund Shares in creation unit aggregations during the continuous offering of such Shares.

## **SEC 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). The Commission has granted an exemption from the 1940 Act to register the Trust as an open-end management investment company notwithstanding the fact that it issues Shares with limited redemption.

**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> |
|---------------|---------------------------------------|--------------|
| AADR          | WCM/BNY Mellon Focused Growth ADR ETF | 00768Y206    |